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▶ Flipping the Digital Switch

BRINGING IT HARMONY TO DIGITAL TRANSFORMATION

As an IT professional, no doubt you may already be weary of the phrase 'digital transformation.' After all, aren't you already improving digital asset management, executing on Big Data initiatives and simultaneously managing protection and recovery of all organizational data? Digital transformation can be a daunting objective. It transcends data management to become – in the most ambitious scenarios – a complete overhaul of your organization's business model and/or a new disruptive product strategy. There is also pretty widespread agreement that enhancing the customer experience is a primary driver of becoming a digital-driven organization. Faced with these wide sweeping initiatives, IT needs a survival strategy that identifies priorities and sets forth a plan that is rational and doable. It starts by asking the right questions.
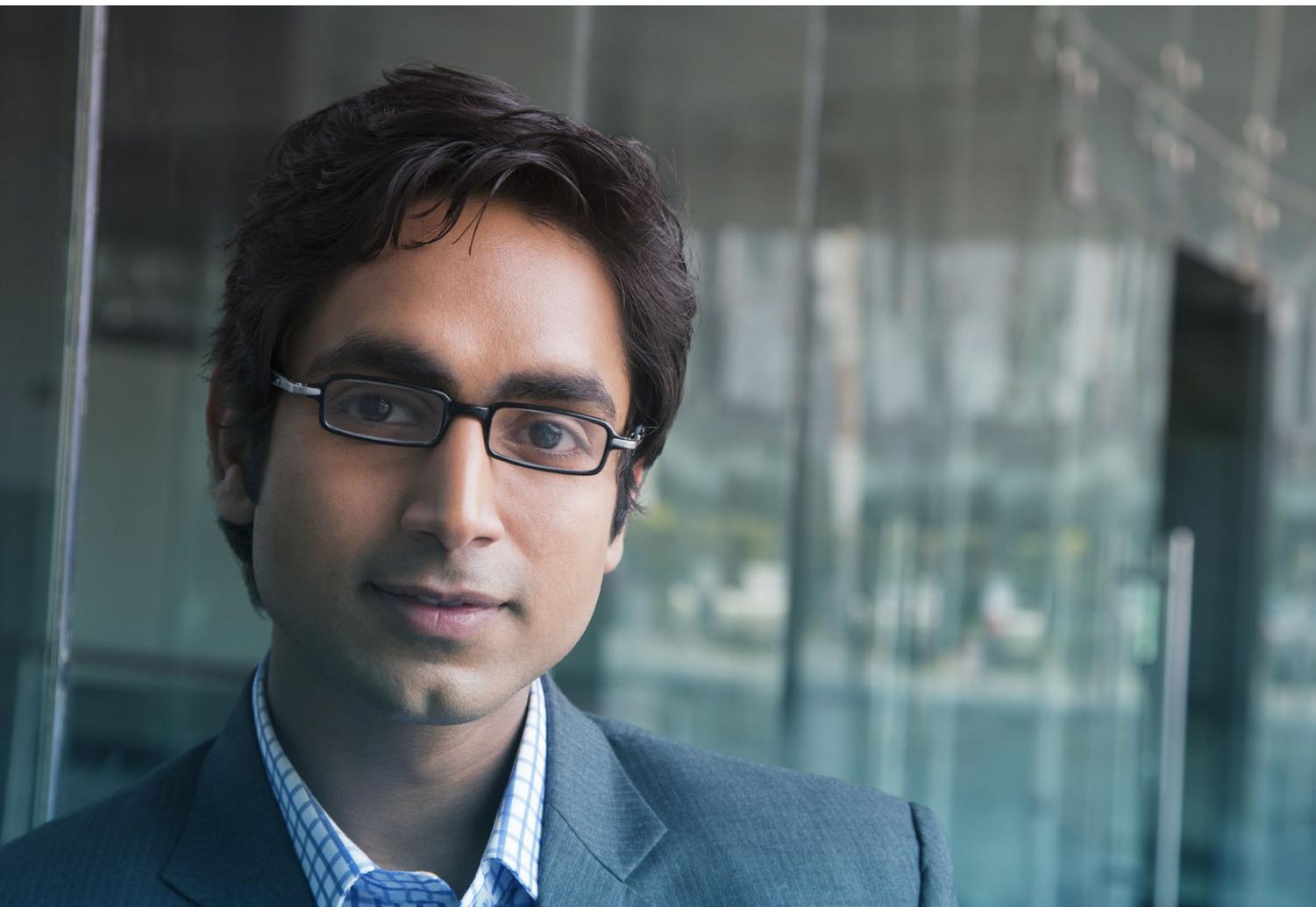
Digital transformation across your organization can have a number of high aspirations: creating new lines of business, revamping workflow processes, shortening the sales cycle and drastically improving the customer experience, to name a few key objectives. The conventional wisdom is that technology itself is not the driver, not the be all, and end all, of digital transformation, but rather the enabling force. At the same time, organizations must invest in digital technologies to move to a more dynamic environment in which they take full advantage of digital assets and processes to become more competitive and ideally win in their market segment.

A recent Forrester Research study found only 29% of enterprise respondents believed their company was completely ready to execute digital transformation; 46% somewhat agreed.[1] The study also found more than half of the respondents believed implementing key digital technologies was critical to becoming a digital-driven enterprise.

So this need for technology gives IT the interesting opportunity to be strategist, enabler, and implementer, at the same time. Technology may not be the driver but it is an essential ingredient in digital transformation. While the C-suite may lead the charge in setting high aspirational goals, IT professionals are the ones on the front lines making it happen.

How can IT leverage its triple-threat role, yet bring harmony and rational thinking to your organization enthralled with the concept of being digital-driven? We need to ask the right organizational questions. Here are five that must be answered to begin transformation with the greatest chance of success, and with IT having a clear path to follow:

▶ ONE: WHAT ARE YOUR KEY OBJECTIVES?

Has the C-suite arrived at its list of key objectives for digital transformation? "Across the three dimensions of digital transformation — organization, operational process, and technology — businesses are making strides, but they are still struggling with traditional silos and a lack of alignment. Many firms are stuck offering an 'average' digital experience with limited understanding of what to do next, who should lead it, and how to measure success."[2] Forrester said it well: most businesses are still stuck in the traditional corporate muck and mire of siloed thinking. As strategist, IT must get a firm understanding and commitment of key objectives. If you're not sure if your dinner guests want to eat steak do you start spending dollars and resources on a prime cut?

▶ TWO: IS YOUR INFRASTRUCTURE READY TO SUPPORT DIGITAL TRANSFORMATION?

Regardless of whether your organization wants to focus on the customer experience, exploring a new business model, or upgrading its customer relationship management, digital transformation will mean more data management and protection needs. As both enabler and implementer, IT needs to provide a reality check on how well equipped

CIOs are now spending 18 percent of their budget in support of digitalization. That number will increase to 28 percent by 2018, according to Gartner's 2017 CIO agenda survey.

GARTNER 2017 CIO AGENDA SURVEY
October 2016

1   Forrester, "Digital Transformation in the Age of the Customer," October 2015
2   ibid

the organization is to execute digital transformation. This is the time to look at the current data retention, storage, protection, search and security aspects of your data management infrastructure. Adding a significant amount of new data sets, with the expectation this data can be shared efficiently to fulfill digital transformation objectives, will only be successful if the infrastructure can support these new workloads. It is also critical to ensure that access is controlled since digital transformation can mean new teams are created and these team members may have varying degrees of policy rights to data access.

THREE: WHERE ARE YOU IN TERMS OF CONSENSUS FROM KEY STAKEHOLDERS?

Going back to the alignment issue, has the greater implementation team achieved consensus? The CIO and higher level IT managers need to do their part to think through digital transformation objectives and offer the greater transformation team their approach to becoming digital-driven. If ever there was an opportunity for IT to exert its value and presence in the larger organization, this is it!

 "Successful strategic leaders use their knowledge and skills to structure and lead high performing teams. Strategic teams that perform with unity of purpose contribute to the creation of strategic vision, develop long-range plans, implement strategy, access resources, and manage the implementation of national policy. Given the nature of the strategic environment and the complexity of both national and global issues, strategic leaders must use teams. They cannot do it alone."[3] This was written for government but the principles apply equally well to the private sector.

FOUR: WHAT DO YOU NEED FIRST, SECOND, AND THIRD?

Once there is consensus, the fun begins with deciding what should be accomplished first. Rationally, if upgrading the customer experience is a key objective, upgrading call centers, improving help desk support, or accelerating product order fulfillment may be top priorities. As implementer, IT needs to help facilitate a reasonable, doable timeframe and ask the larger digital transformation team – of which IT is also a part – what needs to be the top three to five digital initiatives.

Deloitte, in a brief on IT transformation, notes that an incremental approach is a major factor in success rates. 'Big bang is not the answer,' Deloitte says, since starting to deliver the business benefits of any major IT initiative should begin earlier rather than later.[4] Following their approach, IT needs to button down a multi-year plan with an execution schedule mapped to top priorities. This plan may, of course, evolve, but, as Deloitte says, IT [digital] transformation can only succeed if the organization sees actual benefits. Those benefits must be visible within a reasonable timeframe.

"There is a differentiator in businesses that have an embedded capability to transform and improve. Smart use of IT is a key enabler for this transformation."

DELOITTE
"Five Tips to Improve the Success Rates of IT Transformation Projects"

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3   National Defense University, "Strategic Leadership and Decision Making"
4   Deloitte, Five tips to improve the success rates of IT transformation projects

▶ **FIVE: DOES THE GREATER IMPLEMENTATION TEAM UNDERSTAND COSTS INVOLVED?**

Digital transformation means expenditures in digital technologies, software deployment and hiring new digital talent, to name a few key areas of investment. Here's where IT's triple-threat role is in full force. IT must make a clear case that new technology investment supports business strategy, that each investment clearly is needed to enable transformation, and that IT has a well-thought out implementation plan and timetable for each and every piece of new technology.

Here's an interesting fact in the banking industry: The growth of spending on digital transformation is outpacing aggregate IT spending by more than 2.5 to 1, according to IDC.[5] By 2020, IDC Financial Insights estimates that fully one third of the IT budget at U.S. banks will be dedicated to achieving digital transformation. One third is a heck of a number, and keep in mind, the banking industry, always under a rather bright light of scrutiny, is not born in the app culture. It is a good indication that even the most compliance-focused sectors are now realizing they must make the digital switch and are ready to make a significant investment in this change.

Organizations across market sectors are feeling the need to engage in digital transformation on a larger scale. It is another area in which IT can shine a positive spotlight on itself, if it has strategy, cost data and timetables well defined and ready to communicate to the larger, consensus building team.

▶ **GETTING THE RIGHT ANSWERS**

IT's role in digital transformation is essential to the success of any digital initiative. As strategist, enabler and implementer, IT professionals have the opportunity to contribute extraordinary value to helping their organizations embrace digital culture. The key to doing this with harmony and minimum strife is to ask the right questions at the beginning. With a solid consensus on objectives and business benefits, a well thought out execution plan and a doable timetable that shows incremental results, IT can not only survive, but thrive during digital transformation.

> Top digital performers focused on innovation and new service delivered reported a 4.6 percent budget increase, more than twice the average increase of 2.2 percent in the enterprise IT budget, according to survey results.
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> **GARTNER 2017 CIO AGENDA SURVEY,**
> *October 2016*

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5   IDC Financial Insights, "The Cost of Digital Transformation in US Banking: The Critical Technology Investments in 2015 and Beyond," June 2015

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