Kickstarting Digital Transformation

A How-To Guide In Planning and Implementing Your Digital Transformation Initiative

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Getting Started On Your Digital Transformation Journey

It's no secret that innovation is key to staying successful and competitive no matter what industry you are in. For every wildly successful business, there's a company they have disrupted and left in the dust. Look at Blockbuster versus Netflix, taxis versus Ubers and hotels versus Airbnb, just to name a few.

Realization of a digital transformation dream can feel slow, painful, and murky because many organizations lack an understanding of what transformation actually means and, more specifically, what it means for *them*. The truth is that "digital transformation" often actually refers to a variety of initiatives at once that are all at play in varying degrees depending on the needs of an organization. Without a common understanding of what kind of transformation your organization is after, it will be impossible to create a strategy that can effectively get you from where you are to where you need to be.

In this eBook, we discuss:

Which Transformation Is Right For You?

Before we jump into how to best start your digital transformation process, let's start by defining the transformation that best fits your organizational needs and goals.

Generally, there are four types of transformation that organizations can consider, including:

1) Business Transformation
This is the most substantial of all transformations. With business transformation, you're aiming to make a fundamental change that affects your entire business strategy: what you offer, how you offer it, and how that impacts your position in the marketplace. To be truly effective, business transformation will involve all other transformations by definition. People, process, technology, and public perception will all be affected in ways large and small, which of course requires investment of time, resources, and money.

2) People and Process Transformation
Many organizations find themselves ready to make changes to their business but are held back by the wrong skills and/or the wrong processes. It's vital to unstick all that legacy thinking in order to evolve enough to achieve the big things you've laid out as part of your transformation strategy. Often, legacy thinking is ingrained in the old ways of doing things and it takes a lot of effort, time, and patience to coax old habits into new ways of being.

3) Technology Transformation
This transformation type is the one most often mistakenly referred to as "digital transformation." However, the reason why the two terms are not synonymous is that a pure technology transformation does not change the way an organization does business. Instead, it is a shift in the systems and technologies that enable that business. For instance, if a company has maintained an expansive collection of legacy on-premise software and servers but shifts to a cloud-based, SaaS driven, service-oriented approach, that would be a technology transformation.

4) Public Perception Transformation
Perhaps you've changed your business, introduced new products, or refined your product line. Now, it's time to pair that shift with a refreshed public persona to be sure that your audience understands what you offer, why it is valuable, and why you are qualified to provide it. This involves refining or redefining your marketing, messaging and all the finer points of communication (online and offline advertising, social media, word of mouth) that deliver your messaging to the masses.

So What Is Digital Transformation?

While the term 'digital transformation' has a nice ring to it, the definition has become so warped that it's often misunderstood. Most believe that digital transformation simply refers to moving away from inefficient, outdated technologies. In actuality, the textbook definition of digital transformation necessitates a fundamental shift or evolution of your business model, essentially changing the way your enterprise conducts business. Essentially, digital transformation is a business transformation, enabled by elegant technology solutions, and supported by a digitally innovative culture and processes.

If that sounds overwhelming, have no fear – few enterprises complete a full-fledged digital transformation. In fact, not many enterprises actually require a large digital transformation. While many could benefit from leveraging cutting-edge enterprise technologies to expand products and services to optimize revenue, it's a myth to assume that an enterprise needs to digitally transform who they are in order to improve these things.

How To Choose The Transformation That's Right For You

Sometimes an organization may be heavily skewed towards one type of transformation or the other to support their business goals and objectives. This is particularly true if there are limited time or resources to move the needle, but a need to build momentum. By picking one key initiative to focus on first, you can see some early results, drive revenue to empower the next phase, and gain support within the business to proceed with it.

When an organization's fundamental business and offering is sound but the underlying technology infrastructure is outdated or strained, a technology transformation, assuming it's executed correctly, will establish a new technical foundation that can better support the business that rests on top of it, and potentially open up new avenues and opportunities for growth that the business wasn't considering before.

The secret behind all of this is that your organization will most likely need a hybrid combination of these transformation types. Changing one area can open up other opportunities or expose additional issues. Sometimes you'll need one form of transformation to support another. For example, the monumental effort it takes to expand from brick and mortar retail into digital e-commerce can't sustain itself without people, technology, and refined messaging in place to pull it off.

If you're looking at a business transformation, it's practically a guarantee that you will need to evaluate all of these transformation types and address many of them in turn.

One Big Myth and a Few Hard Realities Holding You Back

In our 10 years of conversations with CIOs, we often encounter a few myths and a few hard facts that are holding them back from kicking off digital transformation initiatives.

Let's start with the myth that digital transformation is a one-time, stand-alone exercise. Digital transformation isn't just one project that can be done in a matter of weeks by one person.

In reality, digital transformation is a culmination of initiatives handled by multiple business units that build upon and complement one another. The intended result is a larger, organizational-wide change in the way the organization conducts business.

And this is where we find the most common roadblock – **analysis paralysis**. Often times, organizations use their ultimate goal for digital transformation as their implementation plan. Multiple initiatives across business units are kicked off at once, leading organizations to slow progress before it even starts.

To help combat analysis paralysis, organizations should work on key initiatives one at a time and aim the outcome of each in a manner that will facilitate transformation over a period of time. For instance, incorporate new technologies progressively while extricating out of older technology investments, until the legacy pieces can be replaced.

Where are a few other areas that organizations find their digital transformation efforts stymied? According to a survey conducted by Janeiro Digital of 90+ CIOs in the financial services, oil and energy, and supply chain industries, legacy technology is the most cited obstacle to digital transformation initiatives.

Other roadblocks cited include a lack of support for change, as well as a lack of in-house technical skill to develop the initiatives needed.

As a consequence, an overwhelming number of respondents believe that their company is behind in digital transformation as compared to others in their industry.

So how can organizations successfully overcome these roadblocks and proceed in their digital transformation initiatives? Our advice – align your digital transformation objectives with your business goals and create a sustainable platform that can serve as a 'spine' for their digital enterprise.

Read our surveys of 90+ CIOs in the Financial Services, Supply Chain, and Energy Industries:

- **Minding The (Skills) Gap: Fueling Digital Innovation and Transformation in Oil and Energy** (Downloadable PDF Here)

- **The Modernization Gap: Digital Innovation and Transformation in Supply Chain & Logistics** (Downloadable PDF Here)

- **The Fintech Revolution: Digital Innovation and Transformation in Financial Services** (Downloadable PDF Here)

It All Starts With The Backbone of Your Business (Your Architecture!)

According to our recent surveys, many CIOs believe that back office efficiencies, online marketing, customer experience, and business intelligence are a few of the key areas that would immediately benefit from digital transformation initiatives.

However, each organization and industry is different, and what may benefit one may not be the concern of another. Regardless, for organizations seeking true digital transformation, a crucial first step is for CIOs and CEOs to work together to align future technology roadmaps with multi-year business strategies. An understanding of where the organization is headed, the business challenges that need to be solved, and the key initiatives that the CIO can activate to achieve those ends will go a long way in garnering support for digital transformation.

For example, understanding the future of the organization and the business challenges that need to be solved immediately can dictate whether the CIO focuses efforts on optimizing legacy architecture or making a substantial shift toward a flexible architecture to foster a new business model. Both are costly and time-consuming initiatives, and both can lay the path for very different types of digital transformation.

In fact, it's in the architecture where we recommend organizations start their digital transformation initiative. After all, no matter the industry or company size, it's easy to become overwhelmed by a myriad of solutions and disparate data streams. To drive individual business outcomes, organizations should strive for a singular area at which information is processed, stored, and retrieved. In practice, this can be accomplished through micro-services-oriented approaches in front of big data stores. With a flexible, scalable foundation, an organization's data can be better managed, its core security can be maintained, and its transformative technology initiatives can evolve over time.

How can a reimagined architecture help your organization achieve your digital transformation initiatives?

1) It becomes easier to scale efficiently with business growth.
With an enriched core platform and better ways of interacting with it, you will be able to scale as customer demand increases in ways you never could before.

2) You'll be able to go-to-market faster and with higher value.
You'll be able to bring to market additional product offerings based on confidence of the technology platform to meet ambitious goals. Additionally, you'll be able to create fresh applications that extend functionality and provide new value to customers.

3) Your culture begins to shift towards innovation.
The company culture will be transformed! Be prepared, because it isn't always an easy or smooth process. But the rewards are well worth the journey. You'll become more competitive and set new trends for the market rather than playing catch-up.

4) Operations take on an improved focus.
When you're able to resolve inefficiencies in operations, you create an environment that enables your expert staff to make better decisions and focus on the jobs they've been meant to do all along.

Assembling Your Digital Transformation Team

When considering digital transformation initiatives, the most important players are those who build the infrastructure and applications that bring business goals to life. Many CIOs have two choices – rely on your existing team to build the technology, or partner with an outsourced team to help carry the load.

If you do choose to utilize internal resources, we advise ensuring that they have the time, skills, and development experience necessary to take on multiple initiatives that could take years.

If you do find that your existing team lacks the skill set necessary to fully support your digital transformation initiatives, you can choose to partner with an external vendor. While there is an overwhelming amount of digital transformation consultants to choose from, we advise the following to help narrow the candidate pool and find the one that's just right for your business and needs:

1) Make sure they understand your business
Be sure to choose a partner that takes the time to deeply understand your business before offering a solution – your architecture, your people and processes, and most importantly, your vision for your digital transformation initiative, and how it fits into your business goals. The better they can frame the solution within this context, the better chance you have at a successful project.

2) Take a look at their technology offering
Some firms offer technology enablement platforms that can rapidly build reliable and robust enterprise applications, thereby speeding time to innovation while reducing technical debt from legacy infrastructure. What this means – the ability to develop intelligent, modern applications quickly and easily at a fraction of the cost of other approaches.

3) Make sure you want to work with this team
It might seem obvious, but, make sure that the team you select is a team you want in the trenches with you. After all, digital transformation initiatives can take months, if not longer, and taking the extra step to ensure that this is the team to bring it home can spell the difference between success and failure. Take the extra time to consider the team built for your initiatives, and whether this is a positive relationship you'd like to bring back for more.

Fostering a Culture of Innovation to Embrace Digital Transformation

One of the most important pieces of successful digital transformation initiatives is a supportive and adaptive culture. Building one is never quick or easy – it takes time, dedication, and buy-in from executives and employees.

With any commitment to digital transformation and innovation, there will be costs, particularly when managing existing technology and infrastructures. You may need to jettison some existing technology investments which could be upsetting to customers or employees who don't embrace change.

Our advice to approaching digital transformation when the culture may not be ready:

1) Be realistic about what it takes to build an innovative culture
Change can be scary for many stakeholders, so be prepared to do some additional coaching to get teams on board with a new approach. Communicate often and be sure to continually share the vision for what the business will be able to accomplish as your initiatives are undertaken.

Further, be sure to extend your coaching beyond the initial buy-in into an education program designed to help employees adapt to changing workflows. After all, the more productive and positive experience your employees have in the entire lifecycle of your digital transformation initiative, the more they'll embrace additional layers down the road.

2) Take intelligent risks
Give yourself and your organization permission to experiment, take risks and potentially fail—but incrementally, not catastrophically. If you start small and establish the right building blocks, positive change will emerge and put you on the right path.

Executives that have successfully created a culture of innovation almost always start small. That may sound counter-intuitive, but it is vital to innovate with a purpose and remember the business needs that inspired your new problem-solving, creative ideas. Start small, bring the team with you on the journey, and help make them champions of your digital transformation initiatives.

Keeping Your Digital Transformation Project (and Budget) on Track

Digital transformation technology spending continues to grow across all geographies and industries. IDC predicted that digital transformation spending would hit $1.7 trillion by the end of this year. Much of that spend is coming from rapidly evolving industries, such as financial services, energy, and supply chain, but also from retailers, healthcare, insurance, and more.

Regardless of the industry, one thing is true – many of these projects will go over time, over budget, or even fail.

This happens time and again, and it often comes back to a single issue—stakeholders across all facets of the organization need to be aligned for a technology project to be successful. Contrary to common belief, digital transformation is not just about technology, it's also about business process and organizational changes. Digital transformation can't happen in a vacuum—the organization's people still need to keep the core business up and running during the digital transformation process and be seamless for customers.

This raises a question: How do you manage stakeholder expectations and evolve employee workflows, all while keeping your digital transformation schedule on time and spending within budget?

1) Align key stakeholders around business goals
"Innovate or die" has been drilled deeply into organizations' minds, and they are trying to translate what that means for their business. In the world of innovative technologies, the fear of being left behind is growing, as is the challenge of figuring out what technology to invest in.

In this environment, misalignment can reveal itself in many forms. Internal stakeholders may have one vision, while the project is actually delivering something else—the business goals lost in translation. With so many new technologies to choose from—cloud, big data, artificial intelligence, internet of things, etc.—the pace of change can leave teams leaping before they look. Stakeholders may want to update and transform everything at the same time or change their minds about a project's direction mid-execution.

Project teams are left to work out how to make digital success happen—keeping everyone happy, while also staying on time and on budget. As a result, they end up spending time that should be used on implementing change, struggling to align and re-align expectations from internal stakeholders. Project managers are often asked for small "tweaks" throughout the process, which can derail their timelines and budgets after the project has already begun.

These derailments also impact app developers, who are under the gun to deliver projects on time, but often have little or no visibility into the ultimate business goals of the projects they're working on.

So many small misjudgments early in the process can spiral into a full-on derailment as projects progress. To avoid that, it's crucial to have a process for getting everyone on the same page— understanding the business goals and situational realities, as well as which pieces of the project are flexible, and which are fixed.

2) Recognize technical dependencies and create a realistic timeline

An essential step in making sure your digital transformation project stays on track is identifying the true scope and setting up a realistic timeline.

Although organizations want to undergo dramatic digital transformations and implement innovative technologies, they are now dealing with the realities of their legacy applications and technical debt. These dependencies can't be ignored. Businesses need to figure out exactly what they already have, and what they need to work with in order to complete the project.

Without looking deeply into legacy infrastructures that might slow down the process, project managers and developers tend to overestimate their efficiency, leading to timelines that are shorter than realistic. Assumptions and ambiguity can put even the best developers off track.

Nearly every project that goes over time, over budget, or even fails, comes back to miscommunication of realities among stakeholders, and setting up unreasonable deadlines and expectations as a result. Therefore, having a realistic scope and timeline for execution is one of the keys to success. This timeline, assigned to resolve any dependencies, will help you inform stakeholders on the process and keep all parties accountable. Although the result may be that a 4-month development project will actually now take 6 months, this realistic timeline allows your development team to work at full velocity – instead of hitting dependency blocks that leave you paying them to sit idle while those issues are resolved.

3) Identify and address derailments before they put the project in jeopardy

In addition to ensuring all stakeholders are being realistic about the project requirements and scope, the timeline also makes it easier to see how small changes along the way will impact the overall project timeline and budget or catch any derailments early. If stakeholders want to make a change, however small, they will see how that impacts all other components down the line. Once the project starts, the timeline makes it easier to see if any components are falling behind.

In the process of developing a project and timeline, suggestions and input often come in from multiple stakeholders. Figuring out the essential features needed to meet the key requirements of the application—what we call the "minimum viable product" (MVP)—is a great way to keep the project in check. More bells and whistles may add to the application you're developing, but oftentimes at the cost of its core functionality or development timeline. A good product owner will listen to these ideas but will ultimately distinguish between core functions and "nice-to-have" add-ons. Later on, the team can iterate on a backlog of additional features, but the top priority is getting the core MVP functionality working first.

Focusing on the MVP features ensures that the ultimate business goal of the project will be achieved as quickly as possible. Other features can be addressed further down the road, but the core of the project, what really matters, will be completed with top priority.

Even with the MVP and timeline agreed upon, it is important to understand your senior stakeholders, and how they historically have given feedback when planning your schedule. To mitigate middle-of-the-project changes or conflicts, consider releasing prototypes of your application throughout the development process that give stakeholders limited sets of functionalities early enough where changes can be made without jeopardizing your timeline.

In the end, business stakeholders need to be realistic about their expectations with digital projects—understand exactly what you're asking for and communicate why this is an important project for the business. Understanding your goals with a project will help your development team deliver what you want. Development teams should also be transparent about the process, and all the complexities involved, with business stakeholders. Alignment on the project realities, timeline and budget, can help avoid unwanted surprises down the line, keeping projects running smoothly and on time, and surfacing spending issues before they become insurmountable.

Summary

If there's one piece of advice that we can leave you with, it's this – don't forget to have fun with your innovation journey. Driving big change can be exhilarating while yielding major rewards. No business today can afford to remain stagnant so remember that an innovative culture is not simply a nice-to-have goal. It is essential to your long-term viability and success.

About Janeiro Digital

Since 2009, Janeiro Digital has designed, built, and executed custom digital transformation solutions that **solve real problems**, **create new revenue growth opportunities**, and **prepare agile, innovation-ready business models**.

In fact, we've been so successful that **we've been entrusted by the Inventor of the Web, Sir Tim Berners-Lee**, to help realize his original version of the Web and provide an enterprise platform for the next generation of transformative applications.

Janeiro Digital is based in Boston, MA, and holds offices in Charlotte, NC and Costa Rica. We have been named a 'Cool Vendor' in Gartner's *Business and IT Services* Report, as well as a 'Vendor To Watch.'

To learn more, visit www.janeirodigital.com.