Driving change...

Harnessing the benefits of digital transformation

digital transformation

- Leaders post gross margins ahead of laggards by 50%
- 86% of businesses expect negative consequences if they don't change
- But fewer than 10% of businesses have made the journey

Six Trends

Digital transformation

A snapshot

Businesses transform to survive and thrive. Digital transformation is no exception and it brings new opportunities to improve dramatically. It is a relatively new field with some fluidity in terms of definition and scope. Is it fully aligned with your expectations? To help you decide, we answer these 6 questions below:

1. What is digital transformation?
2. What parts of an organization does it impact?
3. What are the benefits?
4. Who is it suited to?
5. What is the uptake?
6. How successful is it?

What is digital transformation?
Digital transformation comprises updating the tools and processes that enhance an organization's goals through effective use of people, processes and digital services.

What parts of an organization does it impact?
Digital transformation is a business change process that extends into six fundamental aspects of an organization:

- People + Culture
- Strategy
- Process + Innovation
- Customers
- Technology
- Data analytics

Technology is of critical importance but it is only 1/6th of the challenge.

What are the benefits?
If well executed the savings and growth can be dramatic. It involves the realignment of existing technology, or investment in new technology, business models and processes, to drive value for customers and employees. It allows companies to react to, and compete in, an ever-changing and increasingly cut-throat digital economy. Furthermore, companies can use it to target new growth markets and meet the evolving needs and behaviours of their customer base. Outcomes include enhanced sales and marketing, financial and workflow efficiency, customer and employee satisfaction.

> "The value of digital transformation is in competence enhancing. The focus is on the use of knowledge and technology to reduce cost and accelerate growth through business process efficiencies, workflow streamlining, and a revitalized organization."

Paul Allen
Managing Director
People + Culture

Who is it suited to?
Digital transformation is of most benefit to organizations that have evolved over a period of time and accumulated a legacy of software and services that are poorly integrated and obstruct the current needs and workflow of the business.

What is the uptake?
96% of businesses see digital transformation as important or critical to their business and 86% say they have a two-year timeframe to plan and execute if they are to avoid negative consequences (Financier Worldwide "Digital transformation and the C-suite", 2017). Despite significant investment, uptake has been slow historically. In 2019 fewer than 10% of businesses had made this journey and over a third had no plans in place (Smart Insights "Relevance of Digital Transformation Programmes", 2019). This slow engagement with digital transformation offers a competitive advantage for those businesses that do take action, and significant risks for those that don't.

How successful is it?
Research at Harvard Business School shows that even when factoring in the cost of investment, digital transformation leaders post a three-year average gross margin almost 50% higher than compared with laggards. Leaders are also 4-5% ahead in three-year average earnings and net income (CIO. "10 digital transformation success stories", 2019).

How it works
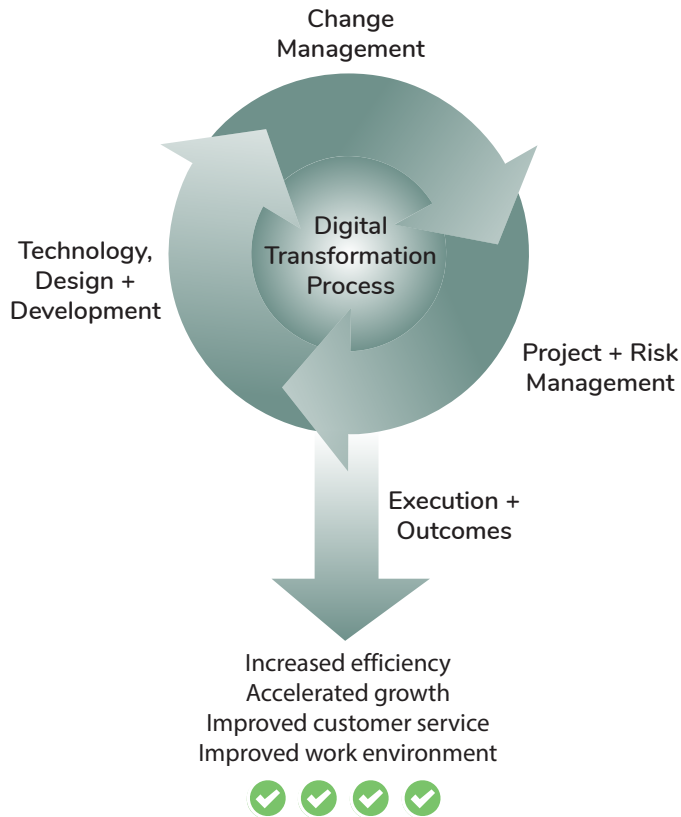
The process

The apex of the digital transformation process is change management. It starts with a shared vision among champions who "seed" the opportunity that is cultivated across your business. The champions must address these strategic questions:

- Why change?
- What are the drivers for change?
- What is the vision?
- What are the aspirational benefits?
- What are the expected outcomes?
- What does the transformed business look like?

The change management process then combines iteratively with project and risk management, along with technology, design and development.

Once the transformation essentials are in place and there is leadership endorsement, investment is required around communication and cooperation across the business – both prior to and during implementation. Ongoing success then depends on sustaining the transformation. This requires changes to be monitored and adjusted as necessary.

The headline digital transformation checklist that our experienced team will guide your organization through is shown in the table below:

Change Management

Digital Transformation Process

Technology, Design + Development

Project + Risk Management

Execution + Outcomes

Increased efficiency
Accelerated growth
Improved customer service
Improved work environment

1. Envision	2. Analyze	3. Synthesize	4. Demonstrate	5. Execute
• Determine industry vision	• Identify improvement opportunities	• Create the roadmap	• Show how it works, engage employees + inspire at point of execution	• Build + test
• Review business agility level + capacity for change from past experiences	• Assess return on investment	• Create the target operating model so people understand their role, processes + how to work with the system for quick improvements	• Demonstrate to simplify, reduce friction + fear	• Active management, guidance + feedback, performance management system
• Engage the staff in bringing ideas	• Identify the interfaces between people + technology	• Create updated organizational structure	• Onboard stakeholders - internal + external, including customers	• Measure to track effectiveness + refine
	• Identify human resources needs: consultation, training, culture change		• Engage the staff in building the solutions	• Ongoing human alignment through culture and management, optimization of processes, incremental technology enhancements
	• Identify technology needs: systems, applications + services			
	• Identify roadblocks around adoption: business, behaviour, technical			

What are the digital dividends?

Businesses have always needed to evolve, so what are the specific enhancements that digital can now bring to the transformation process? Here, we take a look at the digital dividend for three categories: revenue, cost and structure.

Revenue enhancement

New customer attraction
Digital channels to market are essential for new client initial contact through onboarding. Whether in a B2C or B2B environment, the consumer or professional buyer in 2020+ expects a multi-channel means of engaging.

Customer retention
Customers expect self-serve access to vendors/suppliers when it suits them and to speak or online chat on other occasions. Whatever the connection means, customers in 2020+ expect immediate service. Adopting a telco "customer contact avoidance" strategy by putting callers on hold for 10 minutes on the basis they will hang on if it is important or they will figure out how to use the website is poor in every regard, and contributes nothing to customer loyalty.

Increased revenue velocity
Revenue and cash supply chains are hastened when exceptions or bottlenecks are readily identified. For instance, a B2B sales process is stalled due to a sales team's lack of follow-up, or cash collected for consumer goods in an unbanked geography moves slowly from the point of sale to the distributor because physical currency is being used versus secure mobile payments.

Improved digital channels to market
Ensuring business processes and technology are optimized for all channels is a prerequisite for success. The smartphone online or App experience should be as rich as the desktop Website, especially in a world when mobile connections to the internet significantly outnumber desktop connections. Digital channels should also be optimized for incremental sales opportunities, for example: hotel or flight booking Apps selling upgrades, B2B order tracking portals offering company benchmarking insights.

New product time to market
Agility is a determining factor in business survival. A financial services vendor that cannot launch a new product for nine months due to the time it takes to re-code and test legacy software in its mainframe core systems is in trouble, yet even today it is the reality for some. This is why new entrants such as challenger banks and online only insurers are taking market share from older institutions. Markets are online and firms

that are agile in their thinking with streamlined digital operations can launch their new products quickly while those with cumbersome processes are still examining the business case, governance model and waterfall project plan for approval.

Cost management efficiencies

Standardized/automated procurement processes
How often do global businesses function as a series of fiefdoms with each running its own procurement process with long-standing favored suppliers? Does the business know that buying is compliant with anti-bribery and corruption legislation, are suppliers being treated fairly, is there a commitment accounting approach to sundries that ensures budget holders understand their exposure and potential cash impact before confirming a purchase order? Or is it the case that the first a business knows about spend is when the supplier invoice arrives?

Supplier consolidation
Digital platforms allow consolidated standardized procurement worldwide to be straightforward and continuously updated with incremental improvements. A 5% saving on $200 million annually is a very significant $10 million.

Process automation
Organizations facing the common challenge to reduce OPEX annually by 20-30% are looking at labor intensive processes, quality assurance, and use of data. Process automation includes software and data integration using the cloud and APIs. These can remove cost, reduce errors and improve customer service. For instance, the opportunities in sales and purchase order processing, and HR onboarding – like any repetitive function – are significant. Provided the processes are clearly defined, one software robot will replace between 15-30 people, without needing to allow for breaks, holidays, and illness.

Supply chain rationalization
Every aspect of the supply chain now benefits directly from digital – visibility, tracking, just in time.

Removal of legacy IT systems
While "legacy" in the context of IT generally means "a system works" the dependence is a constraint to digital transformation on several fronts. Firstly, older systems are less open to interoperability with contemporary computing platforms in the cloud necessitating the need for costly and often inflexible integration layers in which business rules are maintained. Secondly, compared with many cloud-based SaaS offerings, the

total cost of ownership is high for annual maintenance and sometimes term license renewal fees and aging hardware infrastructure deployed on-premise. Thirdly, the limitations of inflexible user interfaces running in procedural menus giving rise to protracted processing steps. The planned phasing out of legacy systems and the associated costs, along with inefficient processing is therefore an important consideration in digital transformation.

Structural reform
Standardized global operating models
Many firms facing the transition in international or national operations from a holding structure – a headquarters into which autonomous units report – to a true corporate operating model must design, communicate, implement and test significant management behavioural change to reap the rewards of increased operational efficiencies. While at the same time allowing for the nuances of culture such as differing political, economic, and social operating environments across countries, in addition to the customer and supplier expectations of interactions with differing brands. That said, organizations harnessing the benefits of true global operating models rapidly assume leadership positions.

Regulatory compliance
In a world where international regulators can impose penalties of 10% of corporate revenue for non-compliance, digital transformation must by default ensure that operations fall within GRC (governance, risk and compliance) thresholds. Whether health and safety, or treating customers fairly, the policies and the digital tools deployed must comply. This implies by definition the highest degrees of dependence on the veracity and applicability of the management operating model they represent.

Post-M&A integration
The speed at which the integration of newly acquired operating entities completes is the time it takes to realize the efficiencies of the newly structured businesses' scale. Moving fast and making gains to deliver shareholder value is invariably a board priority over running slowly while burning cash. Having an adaptable single digital platform intra-business or a series of digital capabilities across functions will significantly aid the integration process.

Location consolidations
Many businesses looking at the 21st century management challenges of continual OPEX reduction will consider the consolidation of business into fewer locations, demanding a structured approach to designing the new leaner operating model and an effective digital ecosystem.
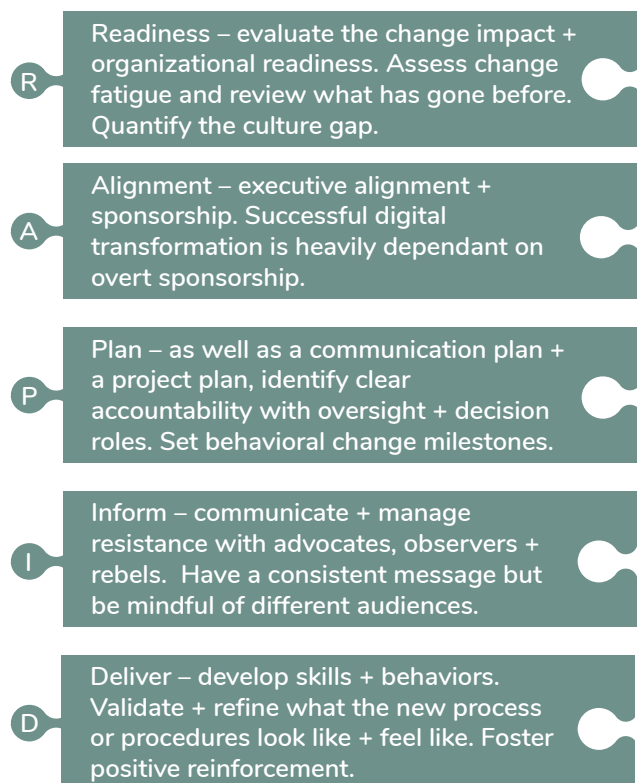
Ensuring success

The rewards of successful digital transformation are very significant given that these businesses grow revenue at twice the rate of competitors that have not digitally transformed. However, transformation also requires effective risk management to ensure success.

But what are the risks? Although IT can be the cause of a failed digital transformation, the primary causes of failure are the same as for those of conventional transformation, for example: failing to get everybody onto the same page, failing to convert ideas into a coherent and executable strategy, lack of agility, poor or non-existent benchmarking to measure and re-balance processes in-train and after completion.

Businesses can also recover a digital transformation that is going off track if they act promptly and seek expert help.

People + culture
Effecting behavioural change is a significant challenge for an organization undergoing transformation. The RAPID management framework shown below has a focus on people, behaviour and culture. It engages staff in the digital transformation as both advocates and active participants during the process.

R — Readiness – evaluate the change impact + organizational readiness. Assess change fatigue and review what has gone before. Quantify the culture gap.

A — Alignment – executive alignment + sponsorship. Successful digital transformation is heavily dependant on overt sponsorship.

P — Plan – as well as a communication plan + a project plan, identify clear accountability with oversight + decision roles. Set behavioral change milestones.

I — Inform – communicate + manage resistance with advocates, observers + rebels. Have a consistent message but be mindful of different audiences.

D — Deliver – develop skills + behaviors. Validate + refine what the new process or procedures look like + feel like. Foster positive reinforcement.

Our team

Our experienced managers collaborate on strategy, design + implementation

A multidisciplinary approach and a highly integrated expert team is essential because digital transformation is a business change process that impacts across an organization's functions. Hence our work is led by a senior team with formidable skills and experience. Our award winning work is for clients across the globe.

Tom Barker *President + Managing Director*
Digital Transformation

Tom has 25 years of experience leading teams to deliver advanced digital product and service transformation projects around the world. He has worked in both the commercial and educational sectors. Tom has a deep understanding of the multidisciplinary nature of digital transformation and the vital interplay between technology, processes and people. He has a reputation for delivering great value and managing risk when resolving difficult challenges faced by clients. As an author he is widely acknowledged as an expert and his recent book was published by McGrawHill in 2019.

Lee Rennick *Managing Director*
Development + Insights

Lee has 28 years of experience delivering strategic marketing, fund development, sales, sponsorship strategy and campaigns for organizations. She develops partnerships and sales and marketing programs. Lee's expertise includes business needs analysis, strategic planning, capital and sales campaigns, digital strategy, customer experience and integrated digital programs. She has led digital marketing strategy and execution initiatives for our clients around customer growth, behaviour, data analytics, engagement and integrations – including social media and client relationship management.

Paul Allen *Managing Director*
People + Culture

Paul is an HR executive with over 25 years of experience helping a range of organizations. He provides people insights, strategies and solutions. He is a "safe haven" for challenging discussions around the hard issues that surface during a transformation. He is often called upon to evaluate the change impact on the people and the organization's readiness, managing complex relationships during periods of sensitivity. Paul has worked globally in professional services, financial services, legal and the life sciences while delivering all people aspects of an M&A, turnaround or complex global transformation.

Jennifer Brooy *Managing Director*
Business Transformation

Jennifer is a business strategist and leader of innovative, complex and enterprise-wide transformation. As a director she offers 20 years of engagement at the board level, specializing in enterprise risk management, private equity investing, international finance, government relations, business building and governance. Her experience spans multiple sectors – Energy, Mining, Financial Institutions, Infrastructure, Manufacturing, Information and Technology, Transportation, Entertainment and Hospitality, Venture Capital, Private Equity, Fund Investing, Corporate, Project and Structured Finance. She is an entrepreneurial thinker with the ability to motivate diverse teams.

Scott Basham *Director*
Digital Projects

Scott has an extensive track record of managing and delivering large scale digital projects over 25 years. He has an accomplished history as a system and software solutions architect and a proven ability to bring onboard the latest tools and development environments. Offering accredited Prince2 Practitioner project management expertise and hands-on practical experience, he is a collaborative player for developing approaches and solutions – equally at home with Agile and Waterfall methodologies. He delivers scalable robust solutions for customers and in-house for large corporations, including Enterprise Service Business solutions and Change Management applications.

Case studies

Case Study: International Consulting Firm
Problem: The online sales and marketing activity was failing to generate enough business for a UK listed consulting firm with offices in the USA, Canada, and Asia. There was no automated content integration, a broken pipeline for new leads, laborious new page creation, and problems sharing real-time industry info. The sales activities ran on a separate CRM to marketing with no integrations. Sales Qualified Leads and Marketing Qualified Leads were not tracked. The Website design was old and did not reflect the mission, vision or current client work.

Solution: Consistent branding was applied. Website extensions were coded to enhance a HubSpot CMS. Blogs were automated from LinkedIn postings and emails. APIs for real-time updates of project data were added. HubSpot was integrated with the Salesforce CRM for sales and marketing tracking. The sales teams could then manage and qualify campaign leads from email, LinkedIn and the Website.

Benefits: A substantial increase in Web traffic and qualified leads across multiple channels, automated management and integrated campaign capabilities.

Project Leader: Lee Rennick

Case Study: Global Financial Institution (GFI)
Problem: How to ensure 'buy-in' for an enterprise-wide transformation? The GFI saw the need to implement an enterprise-wide organizational restructuring along with new and more effective and efficient modes of production.

Solution: The approach taken was evolutionary, applying six keys to success: 1. Prepare and implement a comprehensive communication plan, 2. Identify and empower early adopters and influencers, 3. Understand and readily defuse perceived threats, 4. Focus on and celebrate the opportunities, 5. Establish regular forums for exchange that visibly and credibly include the 'tone from the top', and 6. Don't over think, be ready from the get-go.

Benefits: The choice of an evolutionary approach allowed the GFI to adapt while reducing disruption to the business, bringing the internal and external stakeholders onboard, and keeping the business from becoming overwhelmed.

Project Leader: Jennifer Brooy

Case Study: University
Problem: No online learning offered. The UK University with 10,000 students did not have a plan to ensure the delivery of programs through eLearning. The competition to enroll students was high so cost savings and an improved student experience were needed.

Solution: Research, design and development of a five-year strategic plan for eLearning. A technology solution was developed to integrate a Learning Management System with webinar tools and administration functions.

Benefits: The online ROI was 3 years with delivery savings of 1/3 thereafter. 30% of existing courses were targets for online conversion and 25% of new courses. Results showed 25% increased student satisfaction.

Project Leader: Tom Barker

Case study: International Bank
Problem: After a reorganization of the bank, the Technology and Services function needed simplifying.

Solution: Creation of a Global Operations Structure and heading up the HR for the creation of the bank's Operation function from back office and change management functions.

Benefits: Reduction in the number of groups by 50%. A simplified Operations structure with fully staffed roles. Clear RACI and Roles Profiles approved by REMCOM. Management of a 20% role reduction (15,000 staff). Transformation program to deliver the new culture and an integrated department focused on business delivery.

Project Leader: Paul Allen

Case study: Large Multinational Telco
Problem: Change Management applications challenge. Operating Companies (Opcos) were based in different countries, each running their own local applications subject to the limitations of email and manual processes.

Solution: An Enterprise Service Bus (ESB) was created to provide an eBonding solution with automatic communication between the local Opco applications and their disparate technologies.

Benefits: Significant cost efficiencies delivered across the Opcos, enhanced quality control and communications. Underlying technologies were managed transparently by the ESB, with an architecture designed for future enhancement and expansion.

Project Leader: Scott Basham

Clients + awards

Six Trends is a multidisciplinary digital agency offering strategy, development and execution. We work with you to understand and help solve problems and bring you our expertise for new solutions. Our clients and awards cross industry sectors and geographies.

Clients

Awards

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