KINETICDATA

Taking the Fear Out of Digital Transformation

How to Reduce Risk and Get Results Faster

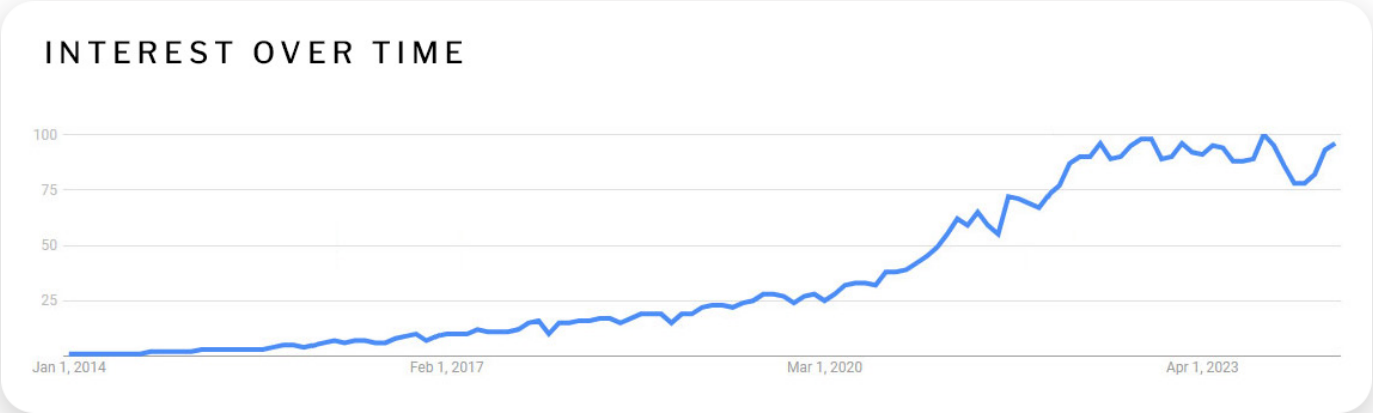
WHITE PAPER

TABLE OF CONTENTS

Everybody's Doing It (But Not Well)

The digital transformation movement

The concept of digital transformation began to take off in early 2016. The idea is pretty straightforward per The Enterprisers Project: "Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers. It's also a cultural change that requires organizations to continually challenge the status quo, experiment, and get comfortable with failure."



Of course, enterprises have been adopting digital technologies since word processing replaced electric typewriters, spreadsheets replaced printing calculators, and email (for better or worse) replaced actual conversations.

Change to process and mindset

Yet despite decades of technological advancements and enterprise adoption, a stunning number of business processes were—actually, are—still paper-based, manual, or at best require duplicate data entry into multiple systems. The idea behind digital transformation is to ruthlessly identify those processes and apply technology to make them faster, more reliable, and less costly.

But as the definition above notes, it's also about a change in mindset. Digital transformation encourages those most familiar with specific processes to question assumptions and constantly look for better approaches. "We've always done it this way" has gone from a rationale for inaction to a rallying cry for change.

Why Companies Transform (The Benefits)

Benefits are many

Among the benefits digital transformation brings are:

- Increased efficiency and productivity, through the automation of business processes
- Lower costs
- Empowered employees (less time spent on soul-crushing manual processes; more time devoted to more interesting, higher value-added activities)
- Better customer experience
- Better partner experience
- Better employee experience
- Improved competitiveness
- Greater agility (ability to quickly, continually, incrementally improve as well as to implement entirely new processes)
- Easier collaboration across teams, departments, partners, and business units
- Deeper insights based on increased data collection and improved analysis
- Improved governance, enterprise risk management, and regulatory compliance.

Digital transformation can even improve sustainability, financial performance, and workplace safety.

That's a large number of compelling benefits. So, what's holding enterprises back? In brief: cost, complexity, and risk.

Why Digital Transformation is Scary (The Risks)

New technology unease

One of the biggest concerns in digital transformation is technology implementation risk. Installing enterprisewide platforms—whether for IT service management (ITSM), ERP, human resources, finance, supply chain management, or other functions—is often a multi-million dollar, multi-year project.

Research shows as many as 85% of IT projects go over budget to some extent. According to McKinsey, "On average, large IT projects run 45% over budget and 7% over time, while delivering 56% less value than predicted." Certainly, not every digital transformation project requires implementation of a major new platform. But there are times it is necessary, such as when:

- a company outgrows its existing system
- an enterprise grows through acquisition and needs to consolidate disparate applications
- the platform is no longer supported by the vendor

Closely related is the issue of legacy systems. According to LinkedIn, "It's estimated that there are (still) 10,000 mainframes in use today."

Maintaining these legacy systems is costly. But replacing them—which can take millions of dollars and years of effort—is generally even costlier.

BIGGEST RISKS IN DIGITAL TRANSFORMATION

Technology, time, and cost overruns

Disruption of business operations

Wrong technology

Organizational culture impediments

Lack of digital skills

Disruption to business, wrong technology choices, collaboration hurdles

A second risk is business disruption. Any change in business processes means that things will get done...well, differently. That's the point, and it can be a very good thing. But if not managed properly, it can mean confusion, "dropped balls," and employee (or even customer) frustration.

A third risk, as noted on the Altoros blog, is adopting the wrong technology or use case. As noted above, there are times when whole system replacements are necessary. But often, more incremental changes will suffice. And even when new platforms are the best approach, it may still make sense to use point solutions to address specific needs.

A fourth risk identified by Altoros is organizational culture. Cross-departmental collaboration can be challenging in large enterprises, which is why it's not uncommon to see different groups or teams within the business using or developing different solutions to solve the same problems.

Lack of champion, anxiety with change

Organizations have to answer questions such as who is in charge of digital transformation. If it's everyone's job, it's really no one's job. There's also bureaucratic inertia and natural human resistance to change which must be overcome—particularly if individuals fear that their daily routines, much less their jobs, are threatened.

Even infrequent, periodic change can be stressful for employees. But the nearly constant change required by digital transformation causes even more upheaval and uncertainty.

Finally, lack of digital skills is identified by Accenture as one of the top five obstacles to digital transformation success. Familiarity with using digital technology doesn't equate to expertise in building it.

And in many cases, those with the most in-depth knowledge of critical business processes—whether in accounting, finance, procurement, customer service, or other areas—don't necessarily have deep technical skills.

A Better Approach to Digital Transformation

Clearly, there are significant risks involved in embracing digital transformation. But the risks of ignoring it are far greater.

Blockbuster Video may be the poster child for businesses that have failed to adapt to technological change, but there are thousands of less known, less dramatic, but still unfortunate stories.

Enterprises slow to digitally transform see their profitability and competitive position eroded by more forward-thinking competitors. Firms that are both aggressive and successful with their digital transformation efforts are able to innovate faster and drive down costs more quickly—forcing industry laggards to either play catch up, get acquired, or disappear.

Here are four ways to mitigate the risks and take the fear out of digital transformation in your enterprise

1 **Implementation: Embrace & Extend**

Large-scale enterprise software projects frequently go over budget and over time because of their scope and complexity. These company-wide "rip & replace" type projects can impact hundreds of discrete business processes and change the way thousands of employees do their jobs. The logistical challenge of managing this change is staggering.

A different approach is "embrace & extend," where modest investments in new technology can help organizations get more value from and extend the life of inplace, legacy systems.

Taking this path reduces risk because the costs (of both software and services) are much lower; the scope of impacted tasks and roles is narrower; and the payback is much faster.

2 Disruption: Test & Iterate

Business disruption is also minimized in the embrace & extend approach because it enables a rapid build-test-iterate approach to process improvement rather than sudden, massive change.

Process or service owners can automate part of a workflow process, test it, improve it, make it live, and then build on that success. This produces small-scale "quick wins" that build support, momentum, and confidence in the process change.

Over time, the cumulative effect of automating hundreds of workflow processes across the enterprise can produce efficiency improvements of the same magnitude as a big-bang system replacement. But the cost, and more importantly, the disruption, is far less because the transformation happens gradually from the bottom up rather than abruptly and imposed from the top down.

3 Technology: Improve the Experience

New technology investments are at the heart of digital transformation. But, of course, you can increase your odds of success and reduce risk by making the right technology decisions.

The first question to ask is: does your organization really need to do a large-scale, rip & replace, enterprise-wide software platform change—or can you achieve your objective at lower cost and risk by implementing a new system of engagement atop your existing systems of record?

Next is whether the technology investment will improve the experience for everyone impacted by the change. Ideally, new software should optimize the experience for:

- End users (employees, contractors, suppliers, and customers) by building familiarity, convenience, and intelligence into enterprise application interfaces.
- IT staff by allowing them to delegate certain tasks to "citizen developers" who are closest to the business process, while providing robust security, scalability, and reliability.
- Business process owners by enhancing visibility, accountability, and simplicity.

A third question is how easy it is to integrate new solutions with in-place systems and platforms. Consider, for example, self-service portal software. A single front-end should be easy to integrate with ITSM, human resources, finance, facilities, and other systems so that users can request any type of service from a single portal.

4 Culture & Skills: Use Low-Code Tools

Cultural issues associated with business transformation require technology that decentralizes and democratizes the ability to automate business processes, and manages the speed and scope of change, while incorporating a centralized platform to provide a consistent user experience and protect data integrity.

From a technology standpoint, the best approach is a low-code platform. This empowers citizen developers—the business process owners and experts—to automate workflows within their departments and functions without coding. Low-code tools reduce the development burden on IT and accelerate digital transformation.

From a management perspective, this approach empowers employees to transform business operations from the bottom up. Employees won't resist changes they are involved in creating. It is critical however to implement a low-code toolset that lets IT set boundaries and "guard rails" in terms of data integrity and network security.

Three potential pitfalls in low-code platforms to be aware of and avoid:

- **"All in one" solutions:** As noted above, while the elegance of all-in-one systems can be alluring, installing huge new enterprise-wide systems is costly, timeconsuming, disruptive, and risky. In contrast, a low-code platform that enables you to make incremental improvements and extend the core systems you already have in place will ultimately produce a significant positive financial impact with much less risk and disruption.
- **Systems that require you to change your business processes to fit the tool:** the lower the code, the lower the flexibility. Tools that tempt with their extreme simplicity often force you to decide between either changing your business to fit the tool, or accepting functional limitations that force you to retain some unwanted manual processes.
- **Vendor-specific programming languages:** Some platforms force you to learn their proprietary language in order to adapt the low-code platform to your business. So, not only do you still need development resources, but those people need to learn and stay current on a new programming language—which negates much of the benefit of implementing low code tools in the first place.

A smart approach is to implement a low-code platform that works with the enterprise systems you already have in place, enables incremental improvements over time, and lets IT "get under the hood" using standard coding languages.

Business users should be able to build and test automated workflow processes in a safe environment where they can't accidentally delete or corrupt data. Think of IT as a referee only getting involved in the workflow improvement game as needed.

What to Look for in a Platform

There are several low-code workflow automation platforms on the market promoted as supporting digital transformation initiatives at the enterprise level. The key is to choose one you can actually implement in a reasonable amount of time; that will actually support and enhance the way you work; and that balances ease of use with customizable control (combining "low code" with "pro code").

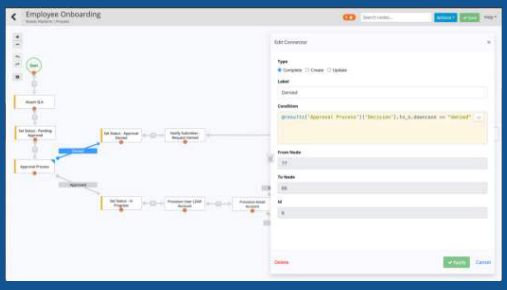
Seven key characteristics to look for in a platform:

Scalability:
Built for web scale and able to grow with your needs, on commodity hardware. High availability (no single point of failure) should be built into the platform. And you should be able to update the system without taking it offline.

Flexible Security:
Apply security based on roles and functions—not just groups. It should provide the ability to set additional rules (e.g., a specific form is available only during business hours) and conditions. And it should offer flexible authentication options (oAuth, CAC, SAML, Active Directory, etc.).

Customizable UI:
Comply with your corporate standards for branding, colors, and other user interface elements. The platform should give you complete control over the portal end-user experience. It should enable your IT team to implement standards using front-end frameworks, which are then automatically applied to forms and services built by business users.

Low-Code + Pro-Code:
Pro-code access for IT to build integrations, create the overall look and feel for the end user experience, and access APIs. The platform should combine this with low-code tools that enable citizen developers to design forms, create automated workflows, and modify any elements that may require frequent changes.



Open Integrations:
Integrate portals and orchestrate workflows with virtually any system or application, onpremises or in the cloud. Your low-code platform should be designed to *improve* your other systems rather than replace them. It should come with pre-built integration to common application suites as well as enabling your IT team to build their own integrations.

Distributed Management:
Business users can "own" and administer different parts of the system while IT maintains overall control through rules-based security. This takes the burden off IT and enables rapid development of new process automations. And though the vendor should provide expert service and support, your company shouldn't be dependent on them for tasks your team can manage internally.

Internationalization:
Enable business users to translate forms and portals into any language and localize portals.

Where to Start Your (Better) Path to Digital Transformation

Assess technology using a tool for consistency.

First, evaluate your current technology. Does it empower business process owners, provide a great experience for everyone involved, and meet the requirements above? There are many ways to conduct such an evaluation, but one helpful free tool is our Enterprise Self-Service Portal Scorecard. It's a practical, useful tool to rate your current system across key areas, compare it to alternative systems, and identify gaps and weak areas in your current environment. Adapt the tool to your needs.

Choose use cases to start.

Next, talk to your business process experts in different departmental groups about their workflow processes to identify some "low-hanging fruit" for automation efforts. You don't need a comprehensive list at this point, just several use cases you can use to help justify new technology investments. These don't need to be complex processes, just ones that could benefit from automation —tasks like ordering equipment or onboarding new employees and suppliers.

Learn from experience.

Finally, before moving forward, talk to outside experts who've implemented solutions in multiple organizations. This can help you avoid pitfalls like implementing technology that doesn't quite fit your needs, or building custom internal systems that are costly to maintain, scale, and support.

THE PATH TO (BETTER) DIGITAL TRANSFORMATION

Evaluate current systems
[CORE IT/BUSINESS TEAM]

Identify use cases
[INTERNAL EXPERTS]

Explore new solutions
[OUTSIDE EXPERTS]

Got questions or want advice?

Contact our workflow automation experts. We love discussing enterprise business process challenges.

About Kinetic Data

Kinetic Data is a dual-use software company specializing in enterprise workflow automation, specifically for self-service user experiences. Our Digital Experience Platform (DXP) was designed based on our two decades of experience with large government agencies and commercial enterprises, enabling platform modernization and workflow integration projects. We approach business technology transformation differently than many software companies. We believe in enabling organizations to leverage their existing investments in critical systems, technologies, and processes by simplifying digital user experiences in a self-service model that decouples best-of-breed capabilities from business specific requirements, allowing end-to-end workflow automation that reduces complexity and overhead.

For more information, visit KineticData.com.

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