LUNAVI

Uncovering Success through Digital Transformation

PURSUE YOUR TRANSFORMATION EFFORTS WITH INTENT AND FOLLOW-THROUGH

Introduction

The quest to differentiate, innovate, and gain efficiencies through the strategic use of digital technologies is being undertaken by organizations of all sizes and industries. A recent McKinsey Global survey found that **8 in 10 organizations pursued some form of digital transformation** between 2013 and 2018.[1] Meanwhile, IDC research suggests that worldwide spending on digital transformation will reach $2.3 trillion by 2023.[2]

Most organizations undergo digital transformation efforts in pursuit of profitable growth, faster time to market, and greater customer satisfaction. But the quest is ongoing, with most transformations taking several years to reach their full value – if they succeed at all.

Indeed, the same McKinsey survey discovered only 16% of respondents reported improved performance or long-term changes. Other surveys back this up, with 7 out of 10 transformation initiatives failing to reach their goals.

With so much money and effort at stake, how can you make sure your digital transformation efforts deliver the results you want?

Read on to learn the key ingredients to success, from planning with purpose to ensuring the right people, processes, and communications are in place to fuel success and further your business goals.

7 out of 10 transformation initiatives fail to reach their goals.

70%

Digital Transformation: What Does It Really Mean?

At some level, it isn't surprising that many organizations aren't reporting success with digital transformation. The term can take on many forms depending on where you are in your digital journey. Do you have a clear picture of your existing technology stack, staff, and business approach?

Without a clear definition of what transformation means for your unique situation, determining success is difficult.

The successful use of technology in any business boils down to an effective combination of people, process, and technology. Digital transformation introduces new ideas that fundamentally change the way you deliver technology services or the way technology supports your overall business.

What does this translate to for your organization? It may mean new employee roles, software, hardware, as-a-Service solutions, automation, and agile process-es in a combination that dramatically changes your business operating model.

Digital transformation is not merely modernization. It involves auditing and evaluating workflows across every department, integrating new technologies in ways that deliver more value to customers and stakeholders.

A successful transformation requires a new approach to operations, technology administration, and delivery, starting with a revamp of your IT management and consumption models.

Just 7% of organizations report they have fully implemented their digital-first transformation approach, demonstrating the process is a long-term, ongoing effort.[3]

Plan with Purpose

Once you define your transformation, you will need to develop both short and long-term plans to achieve it. The more specific you can be the better your chances of a fruitful transformation.

For most organizations, digital transformation requires a wide-ranging set of initiatives. McKinsey found that 80% of survey respondents stated their efforts involved either multiple business units or the entire enterprise.

However, many driving forces behind digital transformation are reactive rather than strategic in nature. A survey from Couchbase and market research firm Vanson Bourne found that top drivers included advances from competition, pressure from customers for new services, and regulatory changes.[4]

When the management team clearly established a change story for digital transformation, the effort was over 3 times more likely to succeed.[1]

Waiting for outside forces to drive digital transformation is a surefire way to extend your transformative period and stymie innovation. Every organization must react to forces beyond their control to remain competitive. But when you initiate transformation proactively, you're better able to plan with purpose and be bold in your goals.

Take this opportunity to identify key stakeholders championing your transformation, which technologies and platforms are forward-looking, and the proper business rationale and KPIs to best assess your efforts. Communicate the what, where, when, why, and how to your employees, management, and external stakeholders. A digital transformation founded on clear understanding will pay dividends.

Embrace Complexity

Given that your digital transformation will likely encompass multiple departments or even your entire enterprise, things will undoubtedly get intricate quickly.

Despite this complexity, research shows **organizations deploying more technologies are more successful.**

Furthermore, those leveraging more sophisticated technologies like machine-learning and AI report better outcomes overall. Of course, this could be attributed to digitally-mature operations already having a leg up and being more inclined towards adoption of cutting edge technology to advance their business.

In 2018, IDG reported that 59% of organizations had already implemented big data or analytics, 59% mobile technology, 53% private cloud, 45% public cloud,

and 40% APIs or embeddables. Internet of Things, artificial intelligence, bots, software-defined storage and networking, application performance monitoring, and mobile device management are just a few other technology stack components that are frequently involved in a digital transformation effort.[3]

For organizations who are just beginning their transformation journey, rolling out so many paradigm-shifting technologies at once may seem overwhelming.

Remember this is an ongoing project and focus on the tools, processes, and roles that will have the greatest impact on your current business goals. A partner experienced in digital transformation can help you identify your strongest opportunities for efficiencies, automation, and customer value.

Organizations who deploy more technologies are more successful in transformation, from web technologies, cloud services, and mobile to big data, IoT, and AI.

Empower People

Without your employees, even your best laid transformation plans can go off-track. During the planning process, engaging ground-level users, mid-management, and leadership alike is vital to determine where and how technology should be introduced or overhauled.

While the CEO or CIO is most likely to launch a digital transformation initiative, organizations who involve employees for this type of planning prove much more likely to succeed.

Senior leadership and lower level employees should be encouraged to experiment, bring new ideas, and challenge the status quo, especially during evaluation periods for new technologies and how to apply them.

71%

71% of leadership report their workforce is important to support digital transformation.[6]

With about 40% of companies already dedicating entire teams to digital transformation[5], you may be behind the curve if you have yet to bring together a group of skilled and engaged individuals.

These teams should be organized in groups within the business unit and across the organization, ensuring holistic strategy and reporting. This type of cross-functional team, combined with end-to-end accountability, doubled respondents' chances of success in the McKinsey survey.

Reimagine Processes

The most effective transformations use process change as part of the transformation. This extends beyond simply automating current business processes to enabling new, more efficient ways of working and pursuing ideas to better service customers.

Organizations that report success don't just encourage innovation, they act on it. They introduce digital tools to make information more accessible across the organization, they create new ways to connect and engage with their end customers, and they facilitate self-service access to new, leading edge technologies to create new, engaging experiences.

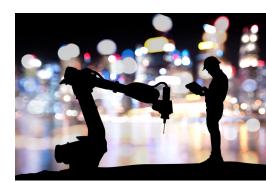So where do these actionable ideas come from? Many are prompted by existing performance gaps in the business.

For most organizations, the opportunities are easy to identify. It just requires a closer look at some common areas of concern.

For example:

- Where are your employees spending too much time on manual tasks?

- What points of contact may be creating friction between you and your clients?

- How can you scale or adjust your user and client feedback loops?

- How can you harness data from your new tools to inform future decisions?

Identifying key performance indicators can help fuel your ongoing transformation.

60% of those who have implemented digital transformation technologies created new business models as a result.[7]

Keep Communicating

Your digital transformation is likely to be a long-term pursuit. Ongoing communication is critical to keep your efforts aligned and successful. If you don't have frequent, focused collaboration between teams and leadership, disparate factions and goals may emerge that are not tied to your overall strategy.

Without continuous communication, siloes can start to disrupt and distract from your strategic priorities as business units pursue their own individual transformations.

Help your employees understand your strategy and why it is important to everyone's success. **Your digital transformation team should not operate in a vacuum.**

As you evaluate, refine, and report on your efforts, you must disseminate messaging throughout the organization. Explain why you blocked and replaced an unsanctioned digital tool. Inform c-level stakeholders that end-users prefer one tool over another and share their reasons why.

Broadcast your successes and your failures appropriately and you are much more likely to receive innovative ideas from all across the business.

Engaging key employees in collaboration between business units leads to nearly double the success rate for digital transformation.[1]

The Right Partner Makes All the Difference

Fewer than 30% of a given company's technology vendors are actively involved in their digital transformation.[5] At Lunavi, we like to think that a vendor should also be a partner.

As an Azure Expert MSP, Microsoft Gold Partner, and VMware Cloud Verified partner, we have staff certified and trained across a wide array of enterprise technologies.

Our portfolio of services helps drive continuous improvement along every step of the IT journey to maximize business value and success. With a hands-on, consultative approach, our team strives for long-term relationships that truly transform the way you do business.

With a breadth of experience in enterprise IT delivery and consulting, we can help you advance your digital transformation goals to meet changing business and market demands by:

- **Modernizing** business applications and the underlying IT stack
- **Migrating** solutions to the cloud
- Applying **Agile and DevOps** practices to build new, innovative solutions
- **Automating** IT processes
- **Managing** routine administration tasks

Discover how Lunavi can accelerate your transformation efforts. **Contact us to learn more.**

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