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INTERNATIONAL

White Paper:

Why CIOs Should Adopt Digital Transformation

What is
Digital Transformation?

Digital transformation is a fundamental change enabling businesses to deliver more value to customers. To succeed in this era of rapid innovation, CIOs need to be leading this digital transformation within their organizations. Successful execution of a robust digital transformation strategy will leverage technology to significantly enhance the customer experience, increase business agility, and improve profitability. Common approaches to digital transformation include:

- **The migration from traditional on-premises infrastructure to a hybrid or cloud infrastructure**
- **The utilization of cloud services to improve internal and customer communications**
- **Leveraging customer and operational data to gain insights, providing the ability to adapt to competition faster than ever before**

Introduction

Companies across the world are looking to effectively position themselves for the digital age. Customers are demanding that companies give them what they want, when they want it, and in as few steps as possible. To satisfy this ever-increasing consumer demand, companies are forced to rapidly become more digitally savvy and agile. This level of digital transformation includes improving aspects such as organizational speed, enhancing operational capabilities, and utilizing market intelligence to create products, services, and experiences that customers want.

Increasing consumer demands means increasing pressure on CIOs to develop innovative digital transformation initiatives to help their companies keep pace with the competition. These strategies include digitizing outdated paper-based processes, enabling a remote workforce, developing cloud-based applications, improving corporate security, ensuring that infrastructure is scalable, and leveraging innovative technologies, like machine learning and AI, to differentiate their organizations from the competition. A CIO who makes effective use of cloud computing and transformative technology will be able to generate opportunities for growth and cost savings while gaining a competitive advantage.

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Digital Transformation?

Technology is no longer a necessary evil, but a foundational investment that needs to be fully leveraged to determine the best path to deliver on both the company initiatives and the long-term strategy. In fact, 70% of companies either have a digital transformation strategy in place or are working on developing one. At the center of digital transformation is the customer experience. Automating workflows and investing in advanced technologies such as artificial intelligence (AI) and machine learning (ML), allows data to be collected and analyzed so you can turn raw data into insights across multiple touchpoints. The enables a business to have a a singular view of the customer journey, sales, operations, and finance.

To achieve successful digital transformation, several aspects that a CIO will need to focus on are:

- **Artificial Intelligence (AI)** systems will provide accurate predictions of consumer behavior using patterns and processes to capture data and identify outliers to form the basis for insights. Data-driven decisions mean faster decisions and higher customer satisfaction.

- **Robotic Process Automation (RPA)** emulates the actions of humans working on digital systems. By switching repetitive analytical tasks over to RPA, a company can utilize its employees for high value projects.

- **Cloud Infrastructure** offers increased scalability, performance, and accessibility of your critical business applications. Cloud-based backup and recovery solutions provide a layer of security for your operations in the event of a disaster.

- **Unified Communications as a Service (UCaaS)** can be adopted for swift and secure communications and sharing capabilities within an organization. When Contact Center as a Service (CCaaS) is implemented, it eradicates the setup and maintenance costs associated with traditional call center equipment and systems.

- **The Environment** benefits, too, when transitioning from a physical to a digital system. With the right digital strategy, companies can erase up to 50% of their carbon footprints.

The role of the CIO is changing, with increasing responsibility to become an enabler and a strategic builder during a digital transformation economy. CIOs need to set and lead the technology strategy for an organization, increase the pace at which innovation is rolled out, drive new business opportunities that achieve a competitive advantage, and help with winning new business.

87%
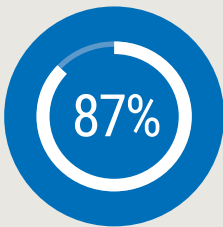
of companies think a digital future will disrupt their industry, but only 44% are prepared for a digital disruption

45%
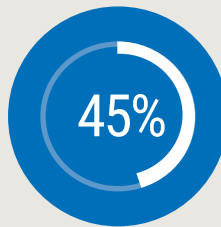
of executives believe their companies lack all the necessary technology to conduct a digital transformation strategy

56%
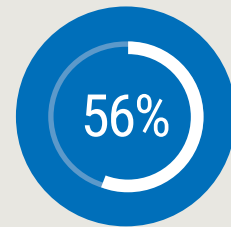
of CEOs say digital improvements have led to increased revenue

https://go.forrester.com/blogs/the-sorry-state-of-digital-transformation-in-2018/

The CIO needs to be directly engaged and embedded in all key initiatives of the digital transformation journey. This includes everything from hiring the best people, making process changes, and implementing new technologies. CIOs must ensure their IT organizations are developing greater digital maturity, evolving their tech stack, and eliminating or at the very least, enhancing their legacy IT portfolio. The CIO plays a central role in the development and implementation of these initiatives as they improve the enterprise information architecture of an organization.

2 | How to Achieve Successful
Digital Transformation

If an organization has not yet digitalized core business functionality, then the CIO needs to begin by ensuring that the organization's personnel and technical infrastructure are prepared for the transformation. CIOs should start the process with several simple steps, including:

- Forming a vision and strategy for the company
- Understanding the company goals from the perspective of the business unit leaders
- Building a business strategy founded on digital-first processes
- Assessing and closing talent gaps
- Decentralizing agile projects
- Benchmarking against top peers and continually evaluating the digital transformation strategy

To achieve successful digital transformation, several aspects that a CIO will need to focus on are:

- **Align Corporate Strategy with Digital and Analytical Strategy -** C-Suite executives must be forward-thinkers with a laser-focus on proactively and wholly adapting to a digital transformation strategy. It is integral to infuse corporate strategy with a digital and analytical strategy. Without considering both elements of equal value, a company cannot survive in the same climate with shrewd competitors.

- **Set Clear Objectives and Rigorously Abide by Them -** Whether your digital transformation involves improving upon an existing model or starting from scratch, the CIO needs to create clear, actionable objectives that everyone can understand and work toward together. When everyone is pulling in the same direction, a digital transformation strategy can have a much greater effect.

- **Set Bold Objectives -** Technology should be linked to outcomes, experiences, and results. CIOs should stop thinking about IT as a cost-center that simply keeps the lights on, but rather a profit-center that drives real business value. Considering the disruptions that the economy currently is experiencing, now is the time to be bold and make real change.

- **Embrace Adaptive Designs -** Clear, bold objectives need to be partnered with adaptive designs so that CIOs can pursue monthly or even weekly changes to the broader digital transformation strategy. Doing so allows a CIO to create significant changes in real-time, greatly improving the speed of transformation.

- **Be Agile -** With this adaptability comes greater agility, and CIOs need to encourage calculated risk-taking from all members of the organization to try new things, adjust quickly, and learn rapidly. This agility will ensure that all objectives are met in creative and effective ways that may have not been previously considered.

- **Utilize Data -** In order to properly leverage data, CIOs need to manage their data and have a data governance strategy in place. Bad decisions and costly outcomes will be inevitable if analytics are based on faulty data. Therefore, CIOs should aim to fix the integrity and cleanliness of their data. Creating data integrations between systems that have a clear single source of truth will result in accurate reporting and analytics.

Data-driven organizations are

23x
more likely to outperform their competitors with regards to customer acquisition

6x
more likely to retain customers

19x
more likely to have above-average profitability

https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/five-facts-how-customer-analytics-boosts-corporate-performance

3 | **Where Companies Go Wrong with**
Digital Transformation

Innovation does not come easy. It takes strategy, talent, communication, and culture. A company cannot expect to make an exponential change without being prepared to encounter some obstacles or reach a plateau. However, when the CIO and team involved are knowledgeable of all facets of the project, this will lower the risks around over-investment in a project that doesn't' deliver the benefits you expect.

Mistakes can happen when developing and implementing digital transformation on-premises. Being aware of what the risks are can help CIOs and their team's journey to a successful end-to-end digital transformation.

- **The pilot is deployed while still operating on old infrastructure -** When a business launches a pilot and implements it in one department or company location while simultaneously maintaining the old infrastructure, this wastes a substantial amount of time and money.

- **The pilot is not fully executed -** When a digital strategy is developed but it is only partially executed or gets delayed, this weakens the effectiveness of the digital strategy and can disrupt many areas of the business.

Revolutionize
Your Company and Its Industry

Business leaders might understand why digital transformation is necessary, but without their CIOs and IT teams having a mutual understanding of the process and its advantages and risks, the transition can be a challenge. However, when a clear plan is in place, it is an exciting opportunity to leverage technology to create tremendous value for your company by increasing operational efficiency and improving customer retention. Consumers are buying at the speed of the digital revolution, and your business needs to be one step ahead of them and its competitors.

> " When digital transformation is done right, it's like a caterpillar turning into a butterfly. "

- George Westerman

MIT Principal Research Scientist and Author of *Leading Digital:
Turning Technology into Business Transformation*

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