

TOP 5 CHALLENGES OF DIGITAL TRANSFORMATION

and how to tackle them





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Change is hard, but absolutely crucial

All businesses should be on the digital transformation journey by now. When we spoke to senior IT decision-makers, 87% said that digital transformation is a significant strategic challenge for their business. The evolving needs of customers and rapidly changing market conditions have made swift technological change a necessity for businesses to stay competitive.

Yet, when rapid evolution is required, the prospect of digital transformation is often accompanied by a multitude of challenges. To understand the trials that many businesses face when driving technological change, Bizagi interviewed over 1,000 business and technology leaders from large companies worldwide, asking them to share their experiences and opinions.

The result is **The Agility Trap**, a research report that reveals new insights into the digital transformation programs of enterprises around the globe.

The research identified 5 challenges that businesses face when enacting transformation projects:

- 1 Defining a Clear Vision
- 2 Working Better Together
- 3 Enabling Business Agility
- 4 Insufficient Time and Money
- 5 Finding Flexible Technology

This eBook will expand on each of these issues and offer specific, practical advice about the steps businesses can take to mitigate the risks within their organization.





Challenge 1


Defining a Clear Vision

Across the world there is no single driver of digital transformation. For any organization there will be a number of internal and external factors that contribute towards the need for investing in digital change.

Respondents to **The Agility Trap** research outlined four main drivers for transformation initiatives:

- 

The need to introduce operational agility to the business.
- 

Higher levels of customer expectation around service.
- 

Driving improvements across the internal user base.
- 

Competitive threats from innovative disruptor businesses.

It is most likely to be a combination of these factors that drives the need for digital transformation in your business. That said, it is important to understand and prioritize each factor so that you can clearly define a technology strategy to address it.

Take increasing levels of customer expectation, for example. The rise of technology and 'always-on' social media has radically altered the ways in which customers want to interact with businesses. Many organizations are unable to deliver on those expectations because employees don't have the technology they need. Enterprise IT systems must become faster, more efficient, agile, intelligent. Employees must be able to use cross-enterprise data to contextualize experiences and deliver what customers want.



"88% of companies are going through digital transformation, but only 25% know why."

– Brian Solis, Altimeter Group



What to do about it

It is essential to have strategic clarity in order to understand what is driving the need for change in your business, and then be able to define a vision to address it.



Key steps

1 Clearly define the factors driving your need for change.

Do not base your strategy around vague concepts like competitive pressure or customer expectations. You should be able to take each of your change drivers and map tangible goals or objectives against them.

2 Figure out where you are and where you want to be.

Understand how mature your current digital competencies are and the capabilities you want in the future. Then plot key milestones on the journey so you can see that you're making progress towards your objective.

3 Create a shared vision.

Digital transformation requires a huge amount of change management, which means articulating your vision to all stakeholders and rallying them around it. Communicate the business need, help people understand how going on the digital transformation journey will make a difference to them and to the organization.

If you have done your homework, and know that meeting changing customer expectations is your key business challenge, you'll be aware that you must build your digital transformation strategy around it. However, some businesses make the mistake of thinking that this just means developing customer-facing apps and websites. Yet, if those front-end systems sit on a mess of disconnected technologies, your employees will not be able to actually deliver the service that customers demand.



"If you are driven to meet customer expectations, then the main practical solution is to empower your employees with the tech they need to deliver that. For example, Old Mutual, a South African banking group, wanted to improve the customer experience across all channels – online, call center and in-branch. Old Mutual used the Bizagi Digital Business Platform to wrap around its existing, disconnected systems of record across the business to give employees a 360° view of a customer and his or her entire portfolio. This allows any customer service representative to easily address any customer query, reducing customer waiting time."

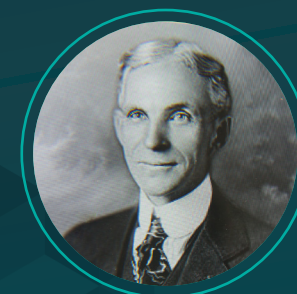
– Gustavo Gomez, CEO Bizagi





"Coming together is a beginning, keeping together is progress, working together is success."

– Henry Ford



Challenge 2

Working Better Together

Even though digital transformation is a major organizational change effort supported by technology, it is only possible through people. So it is worrying that just over half (**51%**) of organizations are either resistant to transformational change or at least have mixed views on the topic. In fact, only **39%** of organizations with high levels of digital transformation projects already in place appear to support transformation at a cultural or organizational level.

This happens at a micro and a macro level within organizations. Poor communication between department heads that complicates stakeholder buy-in. Siloed teams and processes that make true cross-team alignment tricky. Competing Business and IT priorities

that choke up projects. Seven in ten of the companies surveyed have found that efforts to transform the business externally are undermined by the internal complexity of the organization.

This cultural inertia inhibits progress. Indeed, **43%** of surveyed companies consider lack of collaboration as one of the major risk factors when driving change across the internal user base. This has to be rectified if true change is to be effected.

What to do about it

There needs to be **organizational alignment** to enable productive collaboration.



Key steps

1 Empower your digital leadership.
You need a leader able to drive the change agenda through the organization and overcome any resistance to change.

2 Actively involve your counterparts.
Create an implementation team that brings together both business and technology expertise, ensuring that everyone in the team is kept informed.

3 Work on a common language to drive collaboration.
Presenting updates visually, for example, can help stakeholders of different disciplines understand what is going on and facilitate simpler communication around it.

With a clear vision, strategy and an empowered leadership, organizations can achieve productive collaboration. Creating this momentum takes time, but it will allow your business and IT leaders to co-innovate and create exactly the right solutions, in the shortest possible time.



"Successful business alignment is not just a technology issue; it is a question of leadership too. Change cannot come from the bottom up, it must be driven from the top. Senior stakeholders must create a vision for how departments and teams will work together to deliver against business goals. The end goal must be defined, and then the resources and technology at your disposal brought together in service of that goal."

– Marcel Manser, COO Bizagi





Challenge 3

Enabling Business Agility

32%

of organizations see digital transformation as being driven by threats from competitors.

To remain afloat in such a market, organizations must use all the technological innovation they have at their disposal to drive great business efficiencies and pioneer new revenue streams.

Ultimately, digital transformation must create the agility that allows organizations to introduce changes at the speed the business requires. However, many believe that IT complexity undermines this goal.

54%

of the companies we surveyed say that lack of agility in IT is the main risk to achieving overall business agility.

Digital transformation can also facilitate business agility by creating awareness and visibility of new possibilities. You cannot react to what you cannot see. To remain competitive, businesses need to stay on top of new opportunities. Without agile IT to support this, the task is next to impossible, and competitors will get there first.



"Success today requires the agility and drive to constantly rethink, reinvigorate, react and reinvent."

– Bill Gates



What to do about it

Organizational disenfranchisement with digital transformation often derives from the inability to enact change quickly.



Key steps

1 Think big, start small, scale fast.
Your transformation initiative needs to have a bold and ambitious vision, of course. But to create the momentum necessary to achieve it, you must start with a small test case and then plan to scale it up rapidly.

2 Plan to support change.
Define your digital architecture and assets in a way that allows you to make the most of what you already have. Reuse assets wherever possible. And avoid quick-and-dirty approaches that require extensive, long maintenance – this could harm your ability to innovate in the long-term.

3 Do not expect perfection in the first instance.
Innovation is more likely to come from an iterative approach that supports prototyping and testing. Test ideas, run live prototypes and see how well they perform. Then you can rapidly make changes in the next iteration.

An innovative culture, supported by a responsive architecture, will create momentum and empowerment within your company to see, react and innovate quicker than the competition.



"It can be difficult to truly anticipate how to stay competitive in a landscape of rapid technological evolution. But consider how the traditional print industry has been disrupted by digital over the past decade. The publications that have managed to weather the storm are those that invested in digital formats and online revenue streams early. The lesson to learn is that you should always be paying attention to the changes in your industry. Don't underestimate the true pace of change, or miss the opportunity to create enterprise agility in fresh and innovative ways."

– John Webster, CMO Bizagi





"If everything seems under control, you're not moving fast enough."

– Mario Andretti



Challenge 4

Insufficient Time & Money

Large enterprises are often strongly encouraged to behave like start-ups. However, in practice, big businesses can find digital transformation more time consuming and expensive than their smaller, more disruptive competitors.

When discussing the challenges, **51%** of the respondents in our survey found that digital transformation took a long time to implement due to the limitations of rigid legacy technologies, whereas **38%** found that insufficient budget was a significant limiting factor.

Furthermore, with greater size comes greater complexity.

51%

of larger organizations have experienced some kind of resistance towards transformational change.

This is unsurprising when one considers that systems being too complex to manage or adapt was considered the main challenge (**53%**) of digital transformation by respondents in our survey.

While many businesses feel their digital transformation projects are somewhat scuppered by a lack of time and money, the ability to enact this change quickly and cost-effectively is still an avenue that's open to them.

What to do about it

Plans change, this is an irrefutable fact. Therefore, the operations that support the stages of digital transformation need to be responsive.



Key steps

1 Create a self-enabled team. Transformation is a never-ending process, so having a strong dependency on external expertise to enact the change will be costly. Instead, look for a way to create and sustain a productive internal team, though be mindful of how much training investment this will require.

2 Not all change is equal. Cost of Ownership and Cost of Change should be key drivers in the technology you use to support your business. Periodical changes or changes that are part of the nature of the business should be handled seamlessly with no significant effort from your team.

3 Create a culture of change that fosters measurable innovation. Promote experimentation by putting measures and indicators of success in place. Providing visibility of the results achieved in relation to the time and money invested will encourage a more innovative internal approach.

By putting in place responsive processes that account for project evolution, shifting budgets and conditions within the business, you will be able to address the most pressing transformational issues first and then react according to need. All of which will put your company on the way to becoming almost as nimble as the start-ups.



"It's important to have a culture, team and infrastructure that is comfortable with constant change. Change, whether it is driven from within or without, will be common. Not only must you assemble the people with the skills necessary to tackle the challenges of digital transformation, but you must provide the environment in which they can respond quickly to any necessary modifications."

– Gustavo Gomez, CEO Bizagi





"There is nothing permanent except change."

– Heraclitus



Finding Flexible Technology

Out-dated legacy architecture can create significant risks for large businesses. It is often the case that these systems were built years (possibly decades) ago for a very different purpose than what is required of them today. But this means that many of the tools employees use are not entirely fit for purpose, causing customer disappointment.

As these systems continue to age, they become costly and time-consuming to update or maintain as many longstanding processes will have been built upon them.

For this reason, businesses cannot simply 'rip and replace' this legacy infrastructure, as this could easily take years, even a decade, to complete from start to finish. Which is to say nothing of the disruption to day-to-day operations that such a process of renewal could entail. Businesses just don't have that amount of time; they need more efficiency, agility and control over operational processes right now.



What to do about it

To create the agility to respond to new opportunities in the future, businesses need the right platform for digital change, one that integrates with existing architectures and creates improvements without causing disruption and delays in productivity.



Key steps

1 Seek out wrapper technologies for IT.

Organizations should seek out wrapper technologies for IT infrastructure and transformational change that can create pervasive benefits across the organization.

2 Look for platforms that natively support integrations with your current business systems

But do not forget you also need the flexibility to support your own unique systems, so make sure your choice of platform allows you to extend or create specific integrations.

3 Make sure any vendor you work with takes responsibility for quality assurance in the integration process.

Many components and integration frameworks are community-developed, with no warranty or QA from the vendor. You do not want to install components with no guarantee of future compatibility maintenance.

4 Your wrapper technology vendor should be active, healthy and innovative.

Is your vendor's technology an evolving asset? Or is it a technology that has not changed over the past few years? Ideally you will want a wrapper technology that is being constantly modified and optimized.



"Businesses can be tempted to skirt around rigid systems by running a two-speed IT organization. But this can be problematic for large enterprises because it results in two siloed IT functions where operations fail to support or interact with one another. Wrapper technologies provide the immediate agility needed from rigid legacy systems, providing an exoskeleton that allows businesses to capitalize on existing IT assets without disruption."

– Jesus Sanchez, CTO Bizagi





A checklist for success

A holistic, fully-scoped digital business platform can address each of the challenges faced by business technology leaders. Crucially, the right software platform will directly enable a collaborative approach between business, IT and tech providers to quickly deploy solutions that are agile for employees, engaging for customers and connected for everyone.

This handy list of best practices will help you address the main risks of digital transformation

1 Define a clear strategy based on the specific need for change in your business.

- ✓ Specify the main aspects driving your need for change
- ✓ Detail the starting point in your journey
- ✓ Create a shared vision

2 Build a team including the people that know what the business needs and the IT people who can deliver it.

- ✓ Empower your digital leadership
- ✓ Actively involve your stakeholders
- ✓ Use a common language to drive collaboration

3 Use agile methodologies to prototype solutions quickly and then iterate over time to reach the perfect solution.

- ✓ Create an iterative approach that supports prototyping and testing
- ✓ Think big, start small, scale fast
- ✓ Use an approach and platform that allows you to reuse your assets

4 Create a team that is committed to continuous improvement to gain the most possible benefit from your technology investments.

- ✓ Keep indicators that reflect the impact of your digital investments and experiments
- ✓ Create a self-enabled team
- ✓ Use Cost of Ownership and Cost of Change as the key drivers determining the technology you use to support the business

5 Seek out wrapper technologies for IT infrastructure offering pervasive benefits across the organization without upending day-to-day operations.

- ✓ Look for platforms that natively support integrations with most of your business systems, but which also allow you to extend or create specific integrations
- ✓ Make sure wrapper technologies have a framework and a promise that supports your integration efforts
- ✓ Ensure your wrapper technology vendor is active, healthy and innovative

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THE AGILITY TRAP

www.bizagi.com/AgilityTrap

About Bizagi

Headquartered in the UK with operations across North America, Europe and Latin America, Bizagi is a global leader in digital process automation software. Bizagi helps ignite the digital transformation programs for more than 500 enterprise customers across 50 countries around the world, assisted by an international network of partners and a global community of over 500,000 process pioneers.

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