

DIGITAL TRANSFORMATION

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Abstract

Most organizations are allocating budgets for digital transformation initiatives. It is difficult to find a right definition of the term that everyone agrees on.

It can be reckoned that [Digital Transformation](#) is all about Business Transformation. The legacy organizations must transform themselves and adopt the changing technologies, processes, and skills to operate in today's digital world in order to survive and grow.

Around 125,000 large organizations have digital business initiatives under way today – and CEOs expect digital revenue to rise by 80 percent by 2020, according to analysts at Gartner, Inc.

Introduction

Embracing disruptive technologies helps transform the way organizations do business. Organizations that overlook opportunities in technology may soon find themselves obsolete.

Top business leaders realize this and consider digital transformation as the most important way to remain competitive.

This white paper talks about some of the key elements of Digital Transformation, why is it important and what are its benefits, and how it can take place.



Digital Transformation

Recognizing an opportunity to achieve efficiency-gains, and grow business through Digital Transformation.

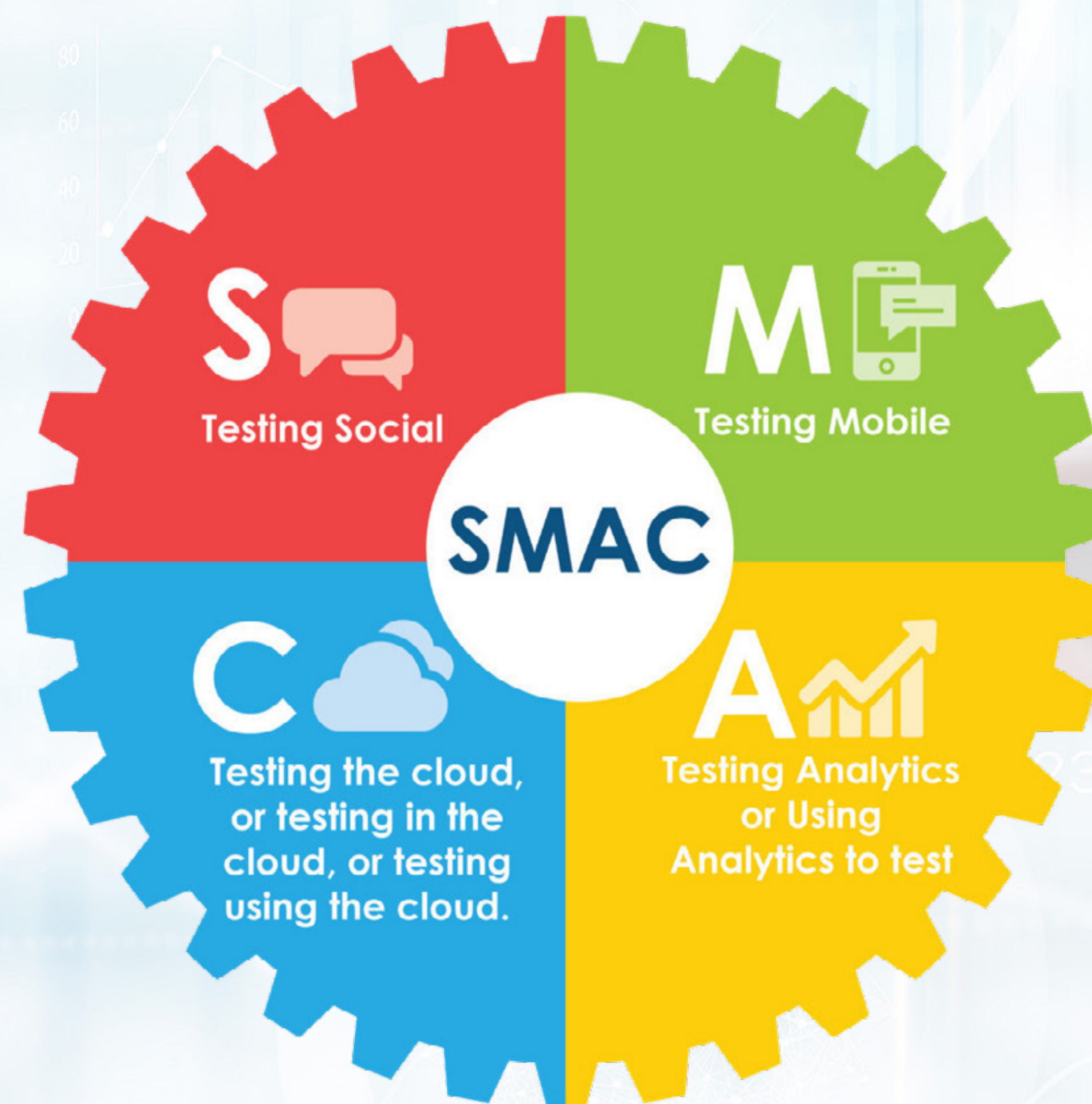
Digital Transformation (DX) can be defined as the use of technology to automate business activities, processes, competencies and models to accelerate business performance.

Technology-based companies can land in a very strong position by reducing labor costs, speeding up delivery of services using the potential of digital transformation.

Organizations can address the changing business landscapes and focus on business results, innovation, and continuous improvement.

This states that digital transformation means business transformation. Technology innovation, customer behavior and demand, and external environmental factors are influencing the digital business transformations.

Digital technologies like SMAC (social, mobile, analytics, and cloud) is bringing a huge change to the business landscape, markets and consumer behavior. However, one important thing organizations need to consider when looking how digital transformation could affect their business, and how they can take advantage of it, is whether their in-house business management systems are ready for the future.



It is crucial for the organizations to identify the right technologies for their business, so that they can prepare for upcoming changes and thrive in the new digital economy.

Digital transformation helps organizations remain competitive and relevant as the world becomes increasingly digital.

The key advantage a technology-based organization has when compared to legacy organizations is the uniqueness of digital transformation and the potential to pull something out of the hat that changes everything.

The companies such as Uber, Amazon, Apple and Airbnb have transformed entire markets with sustainable innovations.

Currently, technology is growing at a rapid pace as technology experts are creating tools and services such as Internet of Things, cloud software, smart home and office automation, feedback-based services, virtual reality, and advanced data analytics.

With the continuous improvement in the areas like computing power, automation and AI, these diverse and mighty technologies will introduce systems of extraordinary power that helps businesses with actionable insight into their customers and the flexibility to offer the right products and services in a very short space of time, almost instantly.

The digital transformation can change industries and drive economies, giving importance to IT departments and the business world. Thus, it seems there is a need for more and more IT professionals with suitable skills for digital transformation.

Robotic Process Automation (RPA) is one of the new buzzwords in the industry, which can improve productivity by automating manual and repetitive tasks, enabling organizations to focus on delivering a high-end customer experience.

For this reason, many organizations are looking to bring this kind of concept to their business functions, particularly in order to respond to the increasing pressures from customers and competitors to provide the appropriate service.

Robotic Process Automation (RPA) for Digital Transformation

To realize the possible advantage of digital transformation, businesses should have a look at the role of RPA in the process.

RPA is used to automate time consuming back office activities in the industries such as finance, insurance, legal, manufacturing, and utilities.

It can automate some of the tasks like order and claims processing, HR, data transfer and migration, and invoicing.

This means RPA is changing the operations these organizations implement and their level of responsiveness at each stage of the value chain.

Here a question can be raised - how it supports digital transformation?



RPA can help develop digital transformation for companies across all industries and for all functions.

RPA has the automation capacity to handle operational challenges. Moreover, RPA's Big Data analytical capacities enable organizations acquire knowledge about their business patterns, and the performance of their workflows. Organizations can use this information to develop digital strategies which help tune their processes to be more efficient.

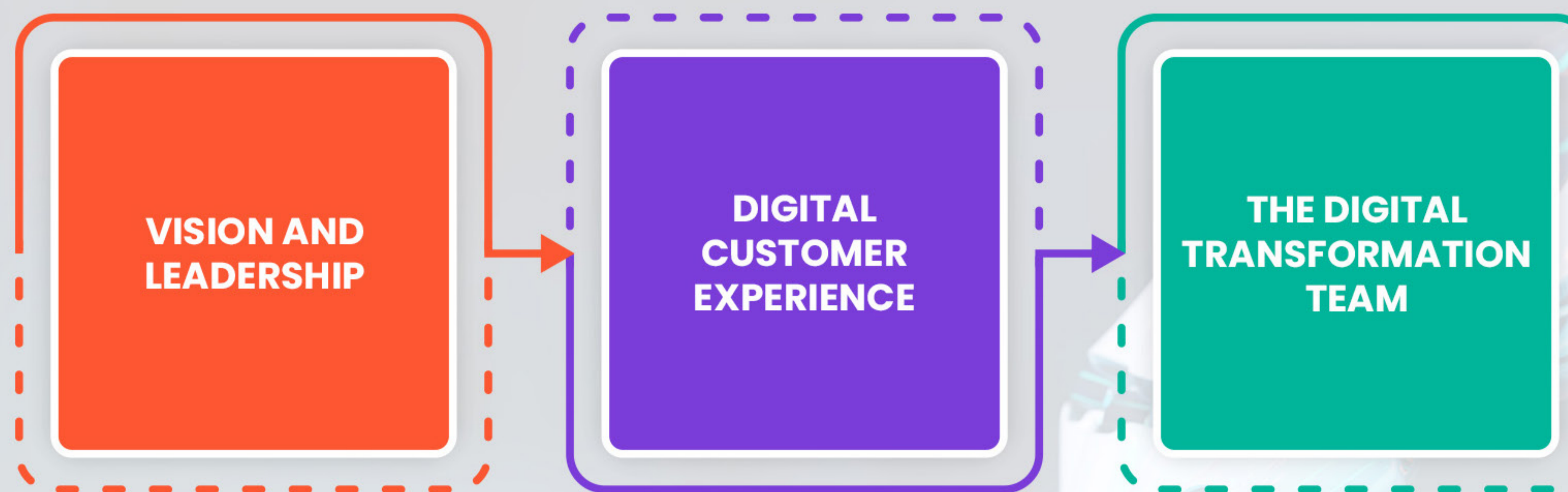
RPA supports quick and easy digital transformation as it is equipped with software robots that carry the capacity to mimic the simple clicks and copy-paste tasks to more complex workflows and activities.

RPA can be used to complete tasks usually done by human employees, and is able to work with traditional systems, ERP, and external systems without the need to tune existing platforms. It frees employees from back office activities, and allows them focus more on sales, marketing, and customer engagement.

This helps improve customer experience, and customer retention. In these ways, RPA brings improved business performance and outcomes — also called as, digital transformation. It is important to note that, RPA cannot be performed without human interaction; it is dependent on people within organizations to make it happen.

Digital competence is the first step, digital literacy is the second step, and Digital Transformation is the third step in the process of embracing technologies.

The Key Elements of Digital Transformation are Vision and Leadership, Digital Customer Experience, and Digital Transformation team. All these elements contribute towards successful start and development of the process of digital transformation.



Vision and Leadership

Many organizations are still not able to identify Digital transformation as a formal effort, they need right vision and leadership to get this process into motion.

Digital Customer Experience

This element is about the research of customer behavior, personality, and expectations, but not related to guesswork. Digital transformation will happen only when organizations perform the due diligence to collect and understand this information.

The Digital Transformation Team

Organizations need to have special teams in place that can bring the process of digital transformation into motion. These teams typically called as digital circles and rapid innovation teams, etc.

Some of the statistics are below:

- ✓ 27% of senior executives' rate digital transformation as now being "a matter of survival"
- ✓ 77% of companies consider missing digital skills as the key hurdle to their digital transformation
- ✓ The majority (87%) of companies think that digital transformation is a competitive opportunity.
- ✓ For 63% of senior executives, the pace of digital transformation isn't happening quickly enough
- ✓ 49% percent of senior executives believe it critical to implement digital transformation in the next 12 months.

While some organizations have already started up their digital transformation journeys, many more are still struggling to start due to various reasons like lack of specialists, lack of technical knowledge, lack of confidence in their digital ability.

Digital Transformation basically involves three elements such as Digitally reactive, Digitally strategic, Digitally transformational.

Digitally Reactive - It can be defined as trying to create a digital strategy in response to a competitor's digital success.

Digitally Strategic – Emphasizing on the enablement of new digital capabilities to their business.

Digitally Transformational – Understanding how much technology can help to do. Properly implementing this step can help businesses stay relevant.

Importance and Benefits of Digital Transformation

A recent study states that organizations which invested in new Subject Matter Experts, processes and technologies to compete in the digital markets realized much greater profits and market share.

1) Improved Customer Engagement

The biggest benefit of Digital Transformation is a significant improvement in customer engagement and experience.

The businesses can identify what the customers think, want and how their decisions are influenced through online channels and communication with customers.

These digital channels enable organizations perform sales and marketing on the web, and puts them in contact with their customers.

2) Improved Customer Satisfaction

While technology is not only used for searching and educating, but also for comparing products and services, it is helping businesses be digitally empowered.

By transforming business activities through digital channels, a business can improve customer satisfaction.

A business can retain key consumers and find better profitability and reach their goal only through customer satisfaction.

3) Improved Digital Traffic

When an organization runs its business and activities on digital channels, eventually, their clients and customers will start responding to it on these channels as well.

For example, a website that showcases its products and services properly, it can receive good digital traffic and response rate. With consumers look online for preferred products and services, digital transformation can help in attracting and retaining new and existing customers.

4) Improved Lead Generatio

Another huge benefit of Digital transformation is a vast improvement in Lead Generation. Lead Generation can be defined as generation of consumer or customer interest and investigation into the products and services of a business.

The organizations need to embrace digital mediums to reach an extensive target audience. To the point of fact, lead generation is important to all businesses, which can result in greater profits.

This means organizations need to adopt the Digital Transformation concept and apply it more rigorously.

5) Improved Conversions

Many businesses observe customers visiting their website, but only a small percentage of them purchasing their services or products.

This is because the conversion rate of their consumers is low. This rate can be improved, leading to more sales by adopting Digital Transformation.

It helps businesses market their products to a target audience and retain their interest through many ways.

How Digital Transformation Can Take Place?

Transforming Customer experience, Operational Processes, and Business Models are three of the most important aspects for Digital transformation to take place.



1) Customer Experience Transformation

Businesses need to look at previous investment in systems to understand market segments and specific demographics better to transform the entire customer experience.

Some of the ways for transforming customer experiences include:

- ✓ Understanding customer dissatisfaction and satisfaction using social media channels
- ✓ Understanding customers more in details through Analytic Capabilities
- ✓ Improving in-person sales communication using technology
- ✓ Personalized sales and customers' services with integration of customer purchase data
- ✓ Usage of mobile apps

2) Operational Processes Transformation

The transformation of the operational processes of a business is also very important. Businesses should embrace automation to enable themselves refocus on their strategic tasks. With the availability of collaboration tools, networking tools, mobile email and video conferencing, etc.,

businesses can reach clients and customers whom they have never met. These technologies also allow employees collaboratively work with people online, virtualizing individual work processes.

Digital transactional systems provide insights on regions, customers and products; this helps businesses make decisions on real data.

3) Business Models Transformation

Businesses need to find ways to club physical and digital offerings and use digital ways to share information across company's individual departments. Digital Transformation provides centralization, efficiency benefits, and allows management to focus more on strategic activities while getting a broader view of the business.

To make the digital transformation journey more successful, businesses need to incorporate the digital transformation in the vision, make investments in digital initiatives and skills.

Firstly, businesses need to find the right skills and invest in them, but finding them is a big challenge, so they can hire vendors. However, the coordination of these vendors then becomes very crucial.

Emphasis on 'digitization' need to be incorporated in the company's vision.

Management should introduce right incentives, right coordination, consistent engagement and KPIs. Communication is the key for bringing about effective change. Communicating digital vision from the very beginning is very important.

Using emails, collaboration tools, social networking tools and video conferencing helps keep the entire organization engaged and in the loop. One of the best examples of a company that embraced digital transformation and created magic is Starbucks.

The company managed to engage customers through social media, and bridged the online and offline customer experience as well.

Properly implemented digital transformation provides the capability to find new opportunities in markets, establish transparency and trust, innovate in agile ways, deliver personalized experiences, and operate in real time.

A poorly implemented digital transformation will produce a misaligned digital experience, loss of customer loyalty and will result in negative consequences.

Piecemeal initiatives will not help drive digital transformation, it should be considered as a spring cleaning for the business. For the transformation to be successful a complete roadmap must be created, roles and responsibilities must be defined.

Data is one the key aspects for all digital initiatives today, helping businesses achieve goals through insights gleaned from customer analytics.

Data science enables businesses leverage predictive analytics and big data to mine through complex data sets to discover information that help for change.

Conclusion

Not many organizations fully understand the benefits, risks, challenges, and realities about digital transformation.

It has the capability to provide business with immediate results, in terms of overall productivity and revenue performance. However, it must be noted that organizations may require sufficient budget, knowledge, capability, and time to build a digital enterprise.

The organizations that achieve digital transformation will be enabled to survive and thrive in the competitive digital world.



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