

3 KEY REASONS DIGITAL TRANSFORMATION PROJECTS FAIL

Paul Cohen | @sonicviz | May 9, 2016



TABLE OF CONTENTS

3 Key Reasons Digital Transformation Projects Fail..... 1

Table of Contents 2

Introduction 3

 Living in a world of exponential technology change..... 3

3 Key Reasons Digital Transformation Projects Fail..... 5

 #1 Digital Strategy Goals are not Aligned with Business Goals..... 5

 Issue 5

 Analysis 5

 Solution 5

 #2 Focused On Technology Not The Customer 6

 Issue 6

 Analysis 6

 Solution 6

 #3 Organisation Is Not Prepared To Implement Digital Transformation..... 7

 Issue 7

 Analysis 7

 Solution 7

Conclusion..... 8

 Constant customer centric innovation..... 8

Additional Resources 10

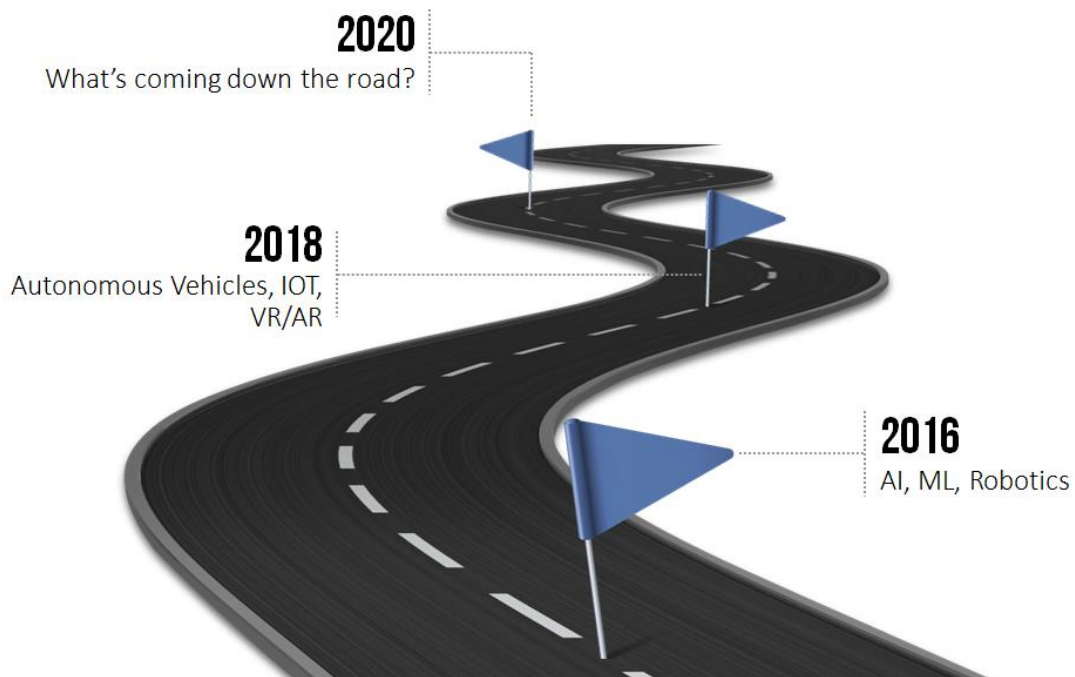
For More Information..... 11

INTRODUCTION

LIVING IN A WORLD OF EXPONENTIAL TECHNOLOGY CHANGE

The digital revolution has been underway since the mid 1990's with the introduction of the PC and internet. This first phase of the digital revolution unleashed a wave of innovation and business change in information technology from small to big business as the first wave of e-commerce was implemented.

The mobile revolution came next, which accelerated rapidly in the mid 2000's with the introduction of smartphones and tablets. This unleashed another wave of change, this time impacting consumer behavior as well as businesses. More recently cloud technologies and Software as a Service (SaaS) solutions have unleashed another wave of change, along with e-commerce solutions expanding to offer a compelling mobile customer experience.



Yet more change is to come with rapid advances in Artificial Intelligence, Machine Learning, Job Automation, Robotics, Autonomous Vehicles, 3D Printing, AR, VR, Internet of Things and Sensor environments, and real time global communications. These will change the nature of business and customer interaction even more radically than before.

This rate of change can impact your business dramatically if you're not ready for it. A digital strategy is your roadmap for managing that. Digital Transformation is the process of taking your Digital Strategy and applying it to your business.

However, over 70% of Digital Transformation efforts fail to achieve their goals or a solid ROI.

Defining a clear and coherent Digital Strategy is critical in order to drive Digital Transformation efforts. But that alone is not enough. Organizational culture also needs to transform in order to embed the customer centric processes necessary to empower people to innovate from wherever they are in the organization.

This white paper highlights 3 key reasons as to why Digital Transformation efforts fail. Additionally, these failures are analyzed for the underlying causes and solutions to mitigate them are provided.



3 KEY REASONS DIGITAL TRANSFORMATION PROJECTS FAIL

#1 DIGITAL STRATEGY GOALS ARE NOT ALIGNED WITH BUSINESS GOALS

ISSUE

Digital Transformation projects are implemented but are not aligned with the business goals

ANALYSIS

Digital transformation of business is driven by strategy, not technology. It's the strategic choices about technology in service to the business that define success, not the technology itself. Focusing on specific technologies to solve narrow operational problems without considering the wider strategic objectives of the company leads to misalignment and friction.

SOLUTION

Digital Transformation is driven by Digital Strategy. This involves a reexamination and reassessment of the organizations business plan and business model. A close examination of the internal, external, and organizational wide aspects of these will generate digital business goals that are aligned with the business strategy to drive transformation initiatives.

Clear digital policies and priorities empower and guide people who are best positioned to make the right decisions in a rapidly changing world.

#2 FOCUSED ON TECHNOLOGY NOT THE CUSTOMER

ISSUE

The Focus is on technology implementation not the customer needs or wants.

ANALYSIS

“The purpose of business is to create and keep a customer.” — Peter F. Drucker

It's easy to get caught up in the hype and promise of new technologies. But buzz doesn't lead to engaged customers.

Solving their problems and fulfilling their needs and wants is what leads to engaged and long term customers.

SOLUTION

A relentless focus on the customer is a key element of Digital Strategy. To challenge your assumptions about your customer's wants and needs you need data, information, and insight.

That comes through deep engagement of customers via:

- Online Presence across the multiscreen ecosystem of devices they use
- Digital Marketing to the multiple channels they engage with
- Ecommerce by whatever touch points they utilize
- Customer Interaction to establish and deepen the brand relationship

Security of information and data is also a key component of an organization's brand identity that builds trust with customers in these engagement channels.

#3 ORGANISATION IS NOT PREPARED TO IMPLEMENT DIGITAL TRANSFORMATION

ISSUE

Digital Transformation efforts regularly fail to achieve their goals due to resistance, objections, and lack of communication across the organization.

ANALYSIS

Resistance, objections, and communication failures are all key signs of a brittle and closed organizational structure that has not achieved buy-in from project stakeholders. Ownership and accountability of digital initiatives may be fuzzy, and efforts may be misaligned with overall organizational goals.

SOLUTION

A digital transformation team needs to establish ownership and accountability of digital transformation efforts. The team needs to communicate across traditional organizational boundaries, bringing stakeholders together to educate and inform as well as integrate stakeholder concerns and knowledge.

How to do this?

Change management is the conception, planning, organization, implementation, control and stabilization of the change processes of an organization, with the aim to maximize the effectiveness and efficiency of the change process and to reach the widest possible acceptance of managers and employees.

Use change management processes to guide digital transformation efforts, starting with small wins to build confidence and grow the internal network essential to establishing a truly innovative and flexible organization able to adapt to rapid change.

CONCLUSION

By analyzing common reasons for failure of Digital Transformation efforts you can significantly reduce the risk of failure. Properly considering the key risk factors up front and implementing processes to mitigate them will result in empowered employees delivering targeted solutions to loyal engaged customers.

The three key reasons for failure we addressed in this white paper were:

1. Digital Strategy goals are not aligned with business goals
2. Focused on technology not the customer
3. Organization is not prepared to implement digital transformation

Solutions to these are:

1. Develop a clear and coherent Digital Strategy that aligns digital transformation efforts with organization goals
2. Focus on the customer first, not technology
3. Implement digital transformation using organization wide change management processes with clear ownership and accountability

CONSTANT CUSTOMER CENTRIC INNOVATION

A commitment to constant customer centric innovation must become the DNA of your business culture in the fast moving digital technology based business environment of the 21st century. These solutions are a first step to implementing the clear processes needed to enable this commitment across the organization.



Would you like to learn more about Digital Strategy?

My “Quickstart Digital Strategy” course on Udemy is designed for busy people to upskill quickly.

Click this link for a 20% off discount offer:

<https://www.udemy.com/quickstart-digital-strategy/?couponCode=svwp3reasons20>

Please also see the “Additional Resources” section for some useful links to relevant articles and resources.

Thanks for taking the time to read this white paper and I hope you found it useful.

ADDITIONAL RESOURCES

Useful links and resources

1. Why 84% Of Companies Fail At Digital Transformation
<http://www.forbes.com/sites/brucerogers/2016/01/07/why-84-of-companies-fail-at-digital-transformation/#3992b677588f>
2. Two thirds of digital transformation projects fail
<http://www.consultancy.uk/news/2656/two-thirds-of-digital-transformation-projects-fail>
3. Fast and furious: How digital technologies are changing the way we work
<https://www.accenture.com/us-en/insight-outlook-how-digital-technologies-are-changing-the-way-we-work.aspx>
4. STRATEGY, NOT TECHNOLOGY, DRIVES DIGITAL TRANSFORMATION
<http://sloanreview.mit.edu/projects/strategy-drives-digital-transformation/>
5. The Digital Business Transformation Playbook For 2016
<https://www.forrester.com/The+Digital+Business+Transformation+Playbook+For+2015/-/E-PLA710>
6. Gartner Hype Cycle
<http://www.gartner.com/technology/research/methodologies/hype-cycle.jsp>
7. Digital Marketing Resource Center
<http://dmresourcecenter.com/unit-4/managing-digital-transformation/>

FOR MORE INFORMATION

Copyright Information © 2016 Sonicviz.com. All Rights Reserved
For more information, please contact paul@sonicviz.com

Images Copyright by PresentationLoad GmbH, Rheinstrasse 15, 55283 Nierstein, Germany.
Amtsgericht Nierstein HRB 43299.