THE DIGITAL ULTIMATUM: WHY BUSINESSES MUST DIGITALLY TRANSFORM TO SURVIVE—AND *THRIVE*

Beginning Your Digital Journey

The old rules no longer apply. That's a tough reality to face. So tough, that many leaders continue to deny that digital technologies have already radically transformed the business landscape. The belief: it's yet another technology fad that will soon blow over. However, this "fad" isn't going away. Digital disruption is now part of our daily existence. It's changed how we live, how we communicate, and together, those factors have changed the face of business into a screen. It's time, and highly appropriate, to face this new dynamic and begin to plan for a more integrated, technical future.

A new survey of leading decision makers found 96% see digital transformation as important or critical.[1] Of this same group, 55% said they have one year or less before their organizations begin to financially suffer from failing to act.[2]

So, your choice now is simple: deny and fade, or survive and thrive.

This report shares the ten actionable principles you must consider as you plan for your organization's digital transformation. These are organized in two tracks—Business and IT—because it will require a healthy collaboration between these two departments to successfully implement the change needed to future-proof your organization.

Why No Definition?

The Digital Ultimatum does not offer a singular definition of digital transformation—and that's intentional. The topic is complex and digital transformation has vastly different meanings for different organizations. Each must find its own path. Following someone else will only lead you astray. Instead, the Digital Ultimatum offers a thoughtful guide to help you determine the right questions to ask at each turn. Doing so will help you get safely where you want to go—and you'll get there faster than you could have imagined.
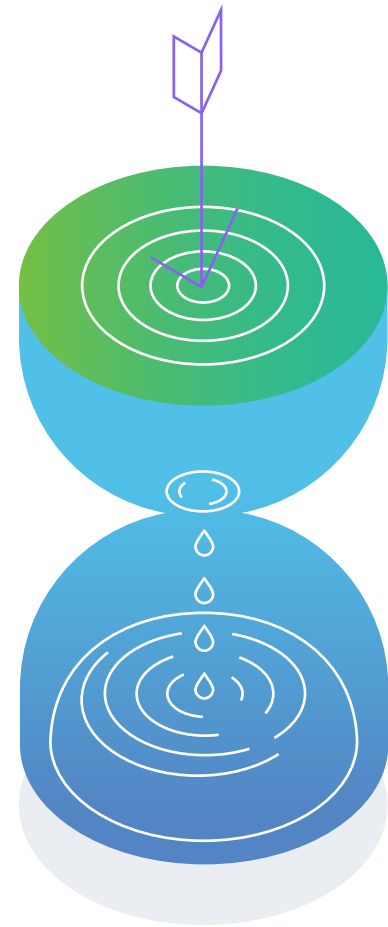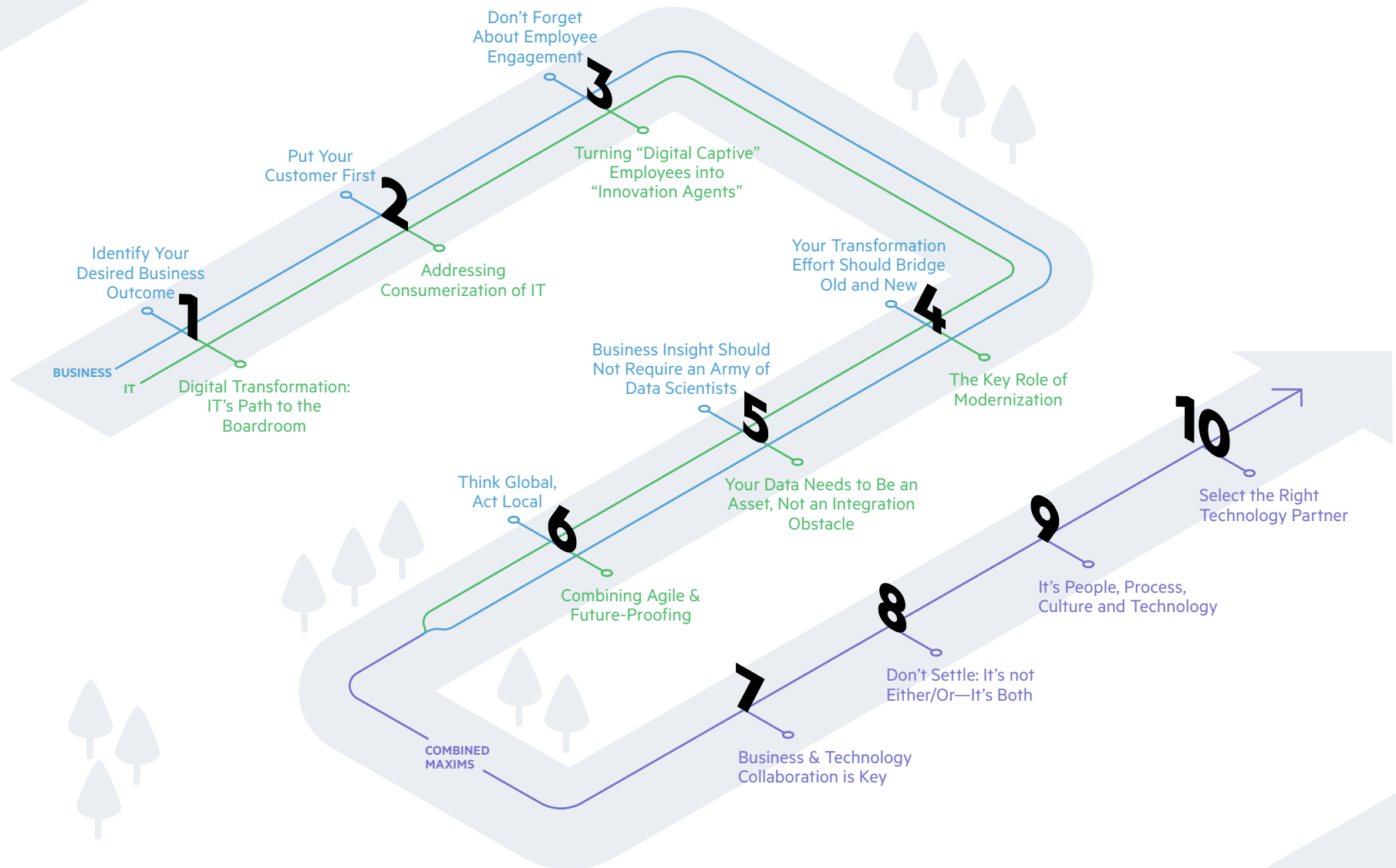
A PUBLICATION OF Progress®

Contents

Table of Contents

1.

Identify Your Desired Business Outcome

The scope of digital transformation you need will be unique to your enterprise. Some organizations may focus on market expansion, others on a thorough reinvention, still others may hope to leverage digital to wring out every last bit of operational efficiency. Regardless of the motivations, the endgame will be different. This transformation tenet is essential to internalize right from the beginning. It's natural to look around and emulate your competitors. However, that approach will likely fail.

A PUBLICATION OF Progress®

Contents

Instead, think of things from your customer's perspective and put their experience at the fore. Below are three prime areas to prioritize, as applicable:

- **Optimizing the Customer Experience**
  Any digital transformation you undertake should start by making the customer journey as effortless and rewarding as possible. Make it easy for customers to find, research and buy from you, then nurture them. This will increase lifetime value.

- **Creating New Market Opportunities**
  Strategic use of technology can help you do three important things: sell more in your current markets, expand into adjacent markets and apply transformational change to your organization. Together, these will ensure you sufficiently optimize your existing business and even create entirely new lines of business or market opportunities.

- **Pursuing Operational Efficiency**
  Organizational effectiveness depends on an engaging culture, motivated staff, inspired leadership and strong operational systems that enable processes to work across this entire ecosystem. The underpinnings of your customer experience depend on your processes: make sure they're sound.

These three areas all touch on the customer, because every organizational process or staff action affects the quality, speed and ultimate satisfaction of your customer engagement. As such, each staff member should be emotionally invested in driving transformational success, most of all business and IT.

IT

Digital Transformation: IT's Path to the Boardroom

Executive teams are rife with new CxO titles. The advent of the Chief Digital Officer (CDO), Chief Mobility Officer, and the like, is fueled by a motivation to solve the important digital challenges organizations face. If you have the resources to hire for these positions, that's great. But be mindful that these roles serve as a shared resource between business and IT designed to promote collaboration. That's because the digital challenges will still exist when the new C-level arrives, and you want to avoid having yet another silo. This new silo would have blurred responsibilities overlapping with the existing scope of your Chief Information Officer (CIO) and Chief Marketing Officer (CMO), and is bound to create friction if not properly managed.

Executive Collaboration is Key

Mobility, cloud and customer engagement, these are all fueled by your CIO and CMO. If you choose to pursue digital transformation with your existing CxO leadership, it's an equally sound course to installing a CDO. Just make sure that you empower the right people and structure collaboration so business and IT are on the same page.

A PUBLICATION OF Progress®

⊘ Contents

As this circular analysis demonstrates, regardless of the C-level title, your executive teams need to collaborate. Best to leverage your CIO and CMO, and use the singular focus of digital transformation as a rallying cry to unify around a bigger goal. Instead of IT being seen as an execution team, or worse yet, a repair shop, IT should be the innovation engine, providing strategic guidance needed to propel your business forward. IT should advance its profile so the business sees them as talented consultants leveraging technology to affect change.
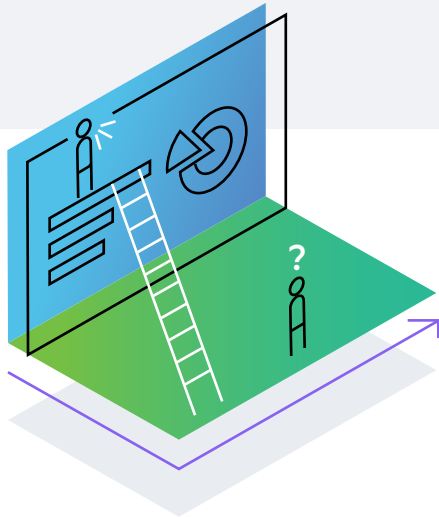
77% of decision makers say their IT and marketing teams could be better aligned to deliver on digital transformation efforts.[3]

Collaborate and Separate

So how can IT change its perception?

- **Separate from low-value, tactical efforts by empowering business teams to be more self-sufficient**
  STEPS:
  1. Incorporate the appropriate business resources into the DevOps process to minimize tactical dependencies
  2. Skip formalized "ticketing" processes for simple tasks like pushing web campaigns live or making content changes

- **Turn Shadow IT from a liability into an asset**
  STEPS:
  1. Refocus IT on enabling the business team to participate in the development process
  2. Convert existing Shadow IT efforts into organizational assets—gaining an ally

Do this effectively, and IT will free-up resources to devote to strategic initiatives—ones aligned with business objectives, that also provide tangible value. Value from both a cost and a business perspective.

Digital transformation requires that the IT and business teams look beyond their traditional role and co-lead this effort, engaging both technical and non-technical contributors in this most important joint enterprise. By aligning in this way around digital transformation, the CIO will get a respected seat at the executive table.

A PUBLICATION OF Progress®

Contents

2.

Put Your Customer First

To achieve your desired business outcome, focus on the customer and take a truly introspective look at where you are. Dig deep, and hold no sacred cows. A survey by Bain and Company found that while 80% of CEOs believe they deliver superior customer experiences; only 8% of their customers agreed. This monstrous disconnect calls into question how companies evaluate customer service quality, and should give you pause when considering yours.

So what is "customer service"? Where does it start and end? Too often, customer service equates to just one aspect of the customer lifecycle—post-sales support. Not enough emphasis is placed on customer engagement: understanding customers by analyzing an experience that's increasingly digital. Today, that means your digital presence has to do the heavy lifting.

Today

Yesterday

A PUBLICATION OF Progress®

Contents
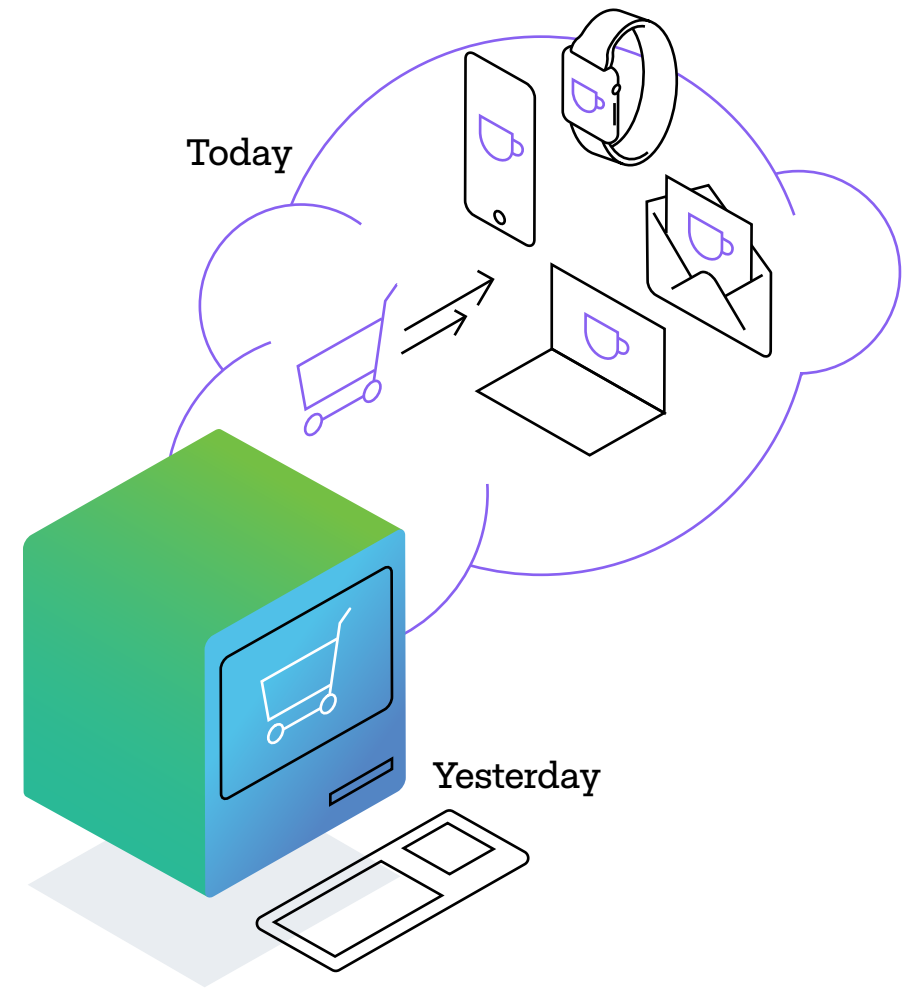
The Do-It-Yourself Buyer's Journey

Buying behaviors show that a customer's first touch is digital. It's a visit to your website, or a Google search seeking solutions that solve crucial pain points. It could also be a visit to your social channels. In fact, by the time customers engage with you directly, they've done over 67% of their pre-purchase decision making. Sales opportunities have come and gone without notice. You missed it all. Poor digital experiences are akin to a "Sorry, We're Closed" sign. Smart customers will simply click away to your competitor with the pink neon "Open" sign. To reverse the trend, your digital experience must be stellar. It must both inform and entice visitors to engage with you further.

If your customers don't make their initial purchase decision in a highly-digital fashion by researching and comparing options, think about how you can still engage them in fun, digital ways. Pre-purchase optimization would shift towards finding ways to optimize how you develop a relationship with these customers post-purchase—a relationship that will increase their lifetime value, using digital at the core.
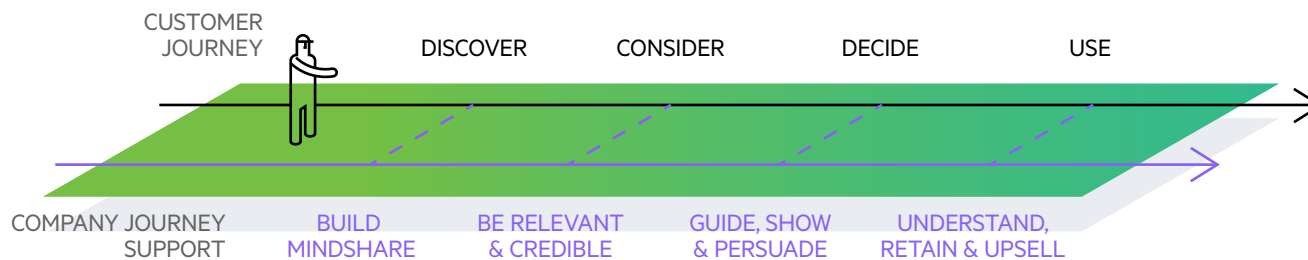
Open for Business

Ensure customers know you're open and ready to serve by understanding their journey. Design, build and support a complete omni-channel experience, applying an engagement model that aligns with the right channels—web, mobile, in-person, telephone, etc. Answer questions before they're asked by understanding each persona you're targeting, and producing quality content that's speaks to their needs.

You can only optimize your digital impact if you've done your homework and are delivering content how they want it. However, doing this is hard. It requires good, actionable information that delivers true insights into learning and understanding the customer journey. When that's done, you'll be able to optimize the journey. By getting the right top-of-funnel strategy, and engaging customers in thoughtful ways, the bottom-of-funnel optimization will reap dividends.
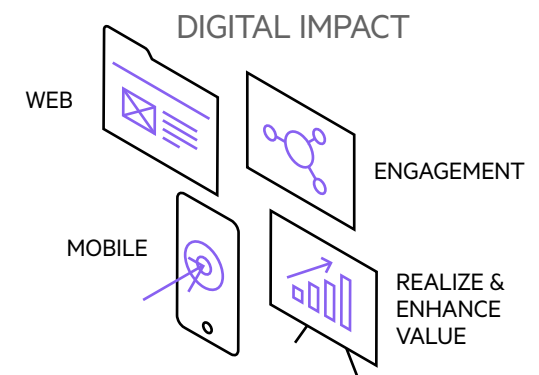
Addressing the Consumerization of IT

User expectations have changed. Customers now consider the quality of the digital experience they receive when weighing purchasing decisions. Admit it, you do it too. We all do. And while the company takes the hit for any shortcomings, the blame is quickly redirected towards IT.

But that responsibility likewise offers opportunity; it's a perfect scenario for IT to lead. After all, those in IT get process. We know how to analyze and optimize experiences in a cohesive way. It's not about a great UX; it's much more than that. Our longtime involvement in front end and backend systems equips us to tap into these data sources to create the foundations for engaging experiences that drive the customer journey. This is especially true when leveraging data for personalization.

Guiding Digital Experience Creation

While the CMO has recently been making inroads into budget control related to cloud infrastructure and systems, it's the CIO team that can harness the technology needed to deliver an immersive customer experience that enables users to do what they want, when they want it. This goes beyond what most would consider traditional technology decisions like which mobile approach is best—responsive web, hybrid or

native—to determining what these options mean for the business. But this must be done in terms the business can understand, such as relating this architecture decision to the business outcome. IT guidance must translate to business terms to really have a meaningful impact.

Content filtering becomes critically important here, and is needed to avoid information overload. Understanding what customers need at each step in the journey can help clear out the noise, simplify content presentation and reduce barriers to engagement. With 30% of US ecommerce transactions happening via mobile devices[4], and with growth rates exploding in Asia, Latin America and Europe, delivering effective mobile commerce experiences is essential.

Organizations are starting to realize that you can't just take an existing application designed for the web and mobilize it. Mobile engagement demands a keen attention to context: getting the "right" information to mobile users to advance their journey. These users have little patience for distraction, so application clutter will only stymie your engagement efforts. In other words, this is not the forum to push all your wares. These "micro moments"[5] are valuable; where people take reflexively to their mobile devices to learn something, do something, watch something or buy something. These are intent-rich moments when decisions are made and preferences shaped. Capitalizing on these moments of opportunity is the challenge confronting IT practitioners, and a modular architecture approach that leverages services will better position teams for success.

3.

Don't Forget About Employee Engagement

When talking about customer experience, it's easy to forget about your internal stakeholders: employees. Engaging employees should be a central part of your digital transformation strategy. Organizations with over 50% employee engagement retain over 80% of customers.[6] Viewed this way, your biggest customer opportunity could very well be your staff.

A PUBLICATION OF **Progress**

Contents
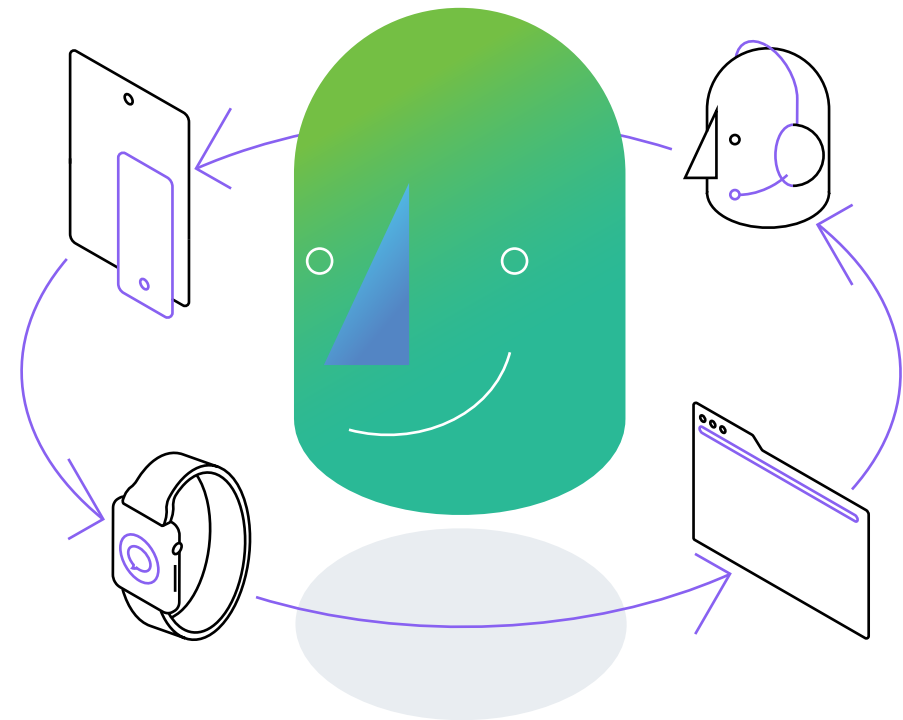
Meeting High Employee Expectations

Every employee is a consumer. Your digital channels drive employee engagement, and staff now come armed with heightened expectations for consumer-grade user experiences. Rather than being the digital captives of yesteryear, they can now easily bypass IT's device or application channels should inefficient systems fail to deliver. This creates risky Shadow IT scenarios full of data integration issues and potential security risks.

But you can avoid this threat by fostering technology use that meets both your business and employee needs—and it will pay off. Organizations with a highly-engaged workforce increased operating income by 19.2%, while low engagement led to a 32.7% decline in operating profits.[7] With compelling application experiences across all channels, you'll get the most out of your staff investment. As personal and business time continue to blend, enabling easy access to apps, systems and data—regardless of where your employees are and what channels they're using—is an absolute imperative. This not only applies to sales and field professionals, but to the entire workforce. Application experiences are the foundation of efficient operational processes, fostering reliable data access and consumption. Your business is best served by adopting these best practices.

IT

Turning "Digital Captive" Employees into "Innovation Agents"

Your digital IQ will have a striking impact on your organization, not only in how your technology systems operate, but also in how well they serve as recruiting tools for the best and brightest employees. An ever-present staple of the Silicon Valley employment scene, digital IQ now affects all companies, especially those in fast-paced sectors prizing innovation. While this may sound like fearmongering, it's not, and will certainly impact the quality of employees you're able to attract in the future.

The new frontier then becomes perfecting the employee journey—or journeys really as there are more than one. Just like the customer journey is important, the user journey for employee-facing applications is also important. If you want engaged employees, you need engaging applications. If not, your operational efficiency will suffer.

High employee engagement increases personal investment in the application outcome while empowering business users to contribute to app development, web development and data-to-insight processes. Survey data shows that IT decision makers seek ways to empower employees (45%), shorten time to market (45%) and reinforce better quality decision making (42%).[8] This supports the push for broader and more agile participation from business teams in areas formerly considered the exclusive realm of IT. When business staff can assume low level tasks clogging the technical team queue, IT can refocus on making more strategic contributions that advance business value.

4.

Your Transformation Effort Should Bridge the Old and New

When you launch your transformation, resist the temptation to view digital efforts as a new way to execute old tasks. Technology presents an almost unfathomable opportunity to completely rethink how you do everything, making it an integral part of your business strategy. In the next year, 42% of decision makers hope to uncover new revenue streams.[9] Beyond just bridging the old and new, digital transformation creates new businesses and revenue streams that were not possible before—but now are.

A PUBLICATION OF Progress®

Contents

In With Digital

Drive your modernization efforts with digital strategies at the fore:

- Factor digital advancements into your innovation process—and if you don't have an innovation process, start one

- Think of digital as a business goal in its own right, strategizing how it can disrupt your business model for the better before your competition does it to you

- Work more effectively with IT by leveraging digital processes to better engage employees and customers

Transformation takes leadership and advocacy, so consider how you can play an active role in driving your organization's modernization efforts. Determine if optimizing the customer journey can act as a catalyst for your organization and fuel transformation. Think whether existing assets and data can be exploited to drive marketing and sales in new and powerful ways. Perhaps, your existing customer engagement needs to be optimized for a digital age with better content, empowered customers and better informed marketing and sales. By evaluating what you have, and planning how to move forward, you can more effectively build upon existing structures and make them better.

IT

The Key Role of Modernization

Modernization can be an unruly monster to tackle. Within your company there are likely a multitude of systems—ERP, CRM, websites, etc.—that are at varying stages of being upgraded or replaced. While you might have a good start with updates to some, you can't ignore your digital debt; the infrastructure holes, application and data issues holding your business back. So how do you arrive at the proper balance of spending for maintenance, modernization and new development to advance your digital transformation?

Modernization Paths

As the ones closest to the backend systems, you know the customer-facing capability will collapse if the core transaction systems of record are not improved. Your hardware infrastructure, application architecture, data approach, etc., can all be antiquated to the point that they should be modernized—each in different ways. And while there is no single path forward, there are certainly common areas ripe for improvement:

- **UX Modernization:** Rejuvenating the UX for dated applications accessing your backend infrastructure

- **Application Replacement:** Modernizing or replacing applications used by your organization

- **Data & App Consolidation/Repurposing:** Connecting apps to data and systems, or repurposing systems in new ways

- **Rules Modernization:** Replacing brittle code with a modern, abstracted, automated rules capability

- **Migrating to the Cloud:** Moving systems or data to the cloud, while maintaining secure connectivity to on-premise data—all without compromising your firewall

- **Website Modernization:** Improving or replacing websites , often in tandem with mobile or omni-channel initiatives

- **Mobilization:** Mobilizing existing apps or web properties

- **Process Modernization:** Reviewing application development processes, and extending that to DevOps processes, QA/testing and more

Whatever modernization path you choose, the fact remains that you must choose a path and get going.

A PUBLICATION OF Progress

Contents

5.

Business Insight Should Not Require an Army of Data Scientists

The pressure is on to leverage the mountains of data at your disposal and turn it into actionable insight. You've likely heard the old adage, "just because you can measure it, doesn't mean you should." But knowing which data are critical and which are noise can be complicated amidst Big Data hype and dazzling analytical algorithms. Even organizations with expensive data warehouse projects too often fail to deliver the business what it needs. So where does this leave the average marketer seeking insight?

A PUBLICATION OF Progress

Contents
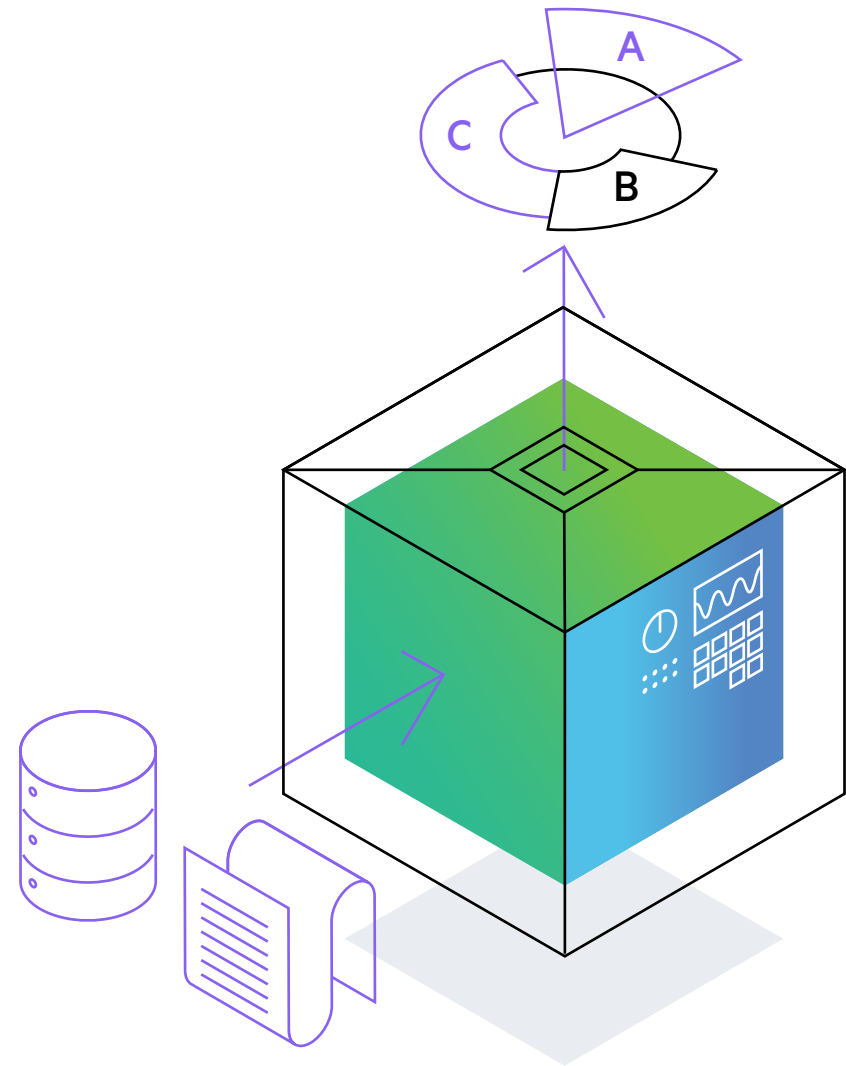
Data Wish List

Not being data scientists, businesses need information provided in an easily decipherable form they can use to create better applications— or refine the customer experience. This is essential for digital teams responsible for building and managing campaigns, as well as for content teams working to drive customer engagement. These professionals further need insight about the different channels customers use to engage with you, so they can gather deeper learnings about the broader customer journey.

While IT owns the physical infrastructure used for the data, you understand it. You know the relationships and the ability to create insights across data points or applications. IT needs this insight as well, so you must be actively involved in your data strategy.

Collecting Customer Data

Many point data practitioners towards creating a single view of the customer. But is that even achievable—or wise? Despite having high data quality, data cleansing and Master Data Management efforts, the single customer view remains elusive. But it's best not to constrain your data with pre-determined assumptions before you begin: follow where it leads. Find a balance between practical, easy-to-use guidance the average marketer can utilize and the more sophisticated analysis that leverages Big Data predictive analytics.

That's because when you start collecting customer data, you may not immediately have a name. You'll likely have a tracked anonymous visitor. Collecting engagement and behavior data will be crucial to creating segmentation and personas. You can immediately market to these segments in a personalized way guiding them down the customer journey—and you need not wait until your visitors are matched to names. Given the high percentage of customers who make purchase decisions before they engage with you, you're best served fueling their journey with targeted insights designed to maximize their likelihood to convert. Follow this approach and you'll reap the revenue benefits well before your user information gets paired with a name.

Your Data Needs to Be an Asset, Not an Integration Obstacle

Studies show that data integration and connectivity continue to be a top challenge for many IT organizations. This impacts virtually every application initiative from developing new systems and mobilizing existing apps and data, to reporting and analytics. Fifty-three percent (53%) viewed data connectivity and integration as critical to achieve digital transformation.[10]

The Growing Data Problem

Yet, the data problem only seems to be getting worse. By 2020, the available storage capacity will be able to store less than 15 percent of the digital universe.[11] And the types of data are becoming more varied. Heterogeneous relational database environments have given way to relational plus object oriented, plus object relational to Hadoop, Cassandra, Hive, MongoDB and more. While the cloud has generated benefits beyond measure, it's likewise added complexity—especially as it pertains to location.

Organizations not only have to determine how to manage data, but where: on-premise, multiple clouds, different cloud providers, architectures—public, private, hybrid, not to mention workloads and security. The types of applications and systems that need to access data also contributes confusion. Some need to store and retrieve, others are tasked with accessing, displaying, creating, updating and deleting data. Others need to function without a reliable connection.

The Data Answer

What businesses need is performant, flexible data sharing with partners and customers, without introducing proprietary protocols that are difficult to learn, all using standards that make the data easily sharable. Sixty-seven percent (67%) of senior data and IT decision-makers in large organizations reported that analytics have a significant and positive impact on their revenues.[12] Leaders recognize that data has the capacity to drive growth if properly applied. So the focus needs to be shifted from homogenizing data—we're far beyond that—towards providing a homogenous experience for the different people, systems and applications that need to access your data. A data access layer that supports multiple architecture types is a sound foundation, onto which you can apply distribution layers. This will enable you to leverage the strengths of your diverse data sources without putting the burden on your application developers or business users. This also removes the burden from the business dealing with the physical structure of the data, and should make it possible for them to be more self-sufficient when working with data.

6.

BUSINESS

Think Global, Act Local

As we've reviewed so far, there are many interconnected factors to consider when embarking on a transformation journey. So many, in fact, that overwhelmed organizations are looking to new CxO titles to ride in and save the day: Chief Digital Officer, Chief Mobile Officer, Chief Data Officer, etc. But are these executives really needed? Is this the answer to the CIO and CMO failing to collaborate and work effectively? Alternatively, businesses turn to "experts" to guide the way after lengthy planning. These two to three year roadmaps that employ pricey consultants, only delay execution and drain your bank account. Not optimal.

A PUBLICATION OF Progress®

Contents
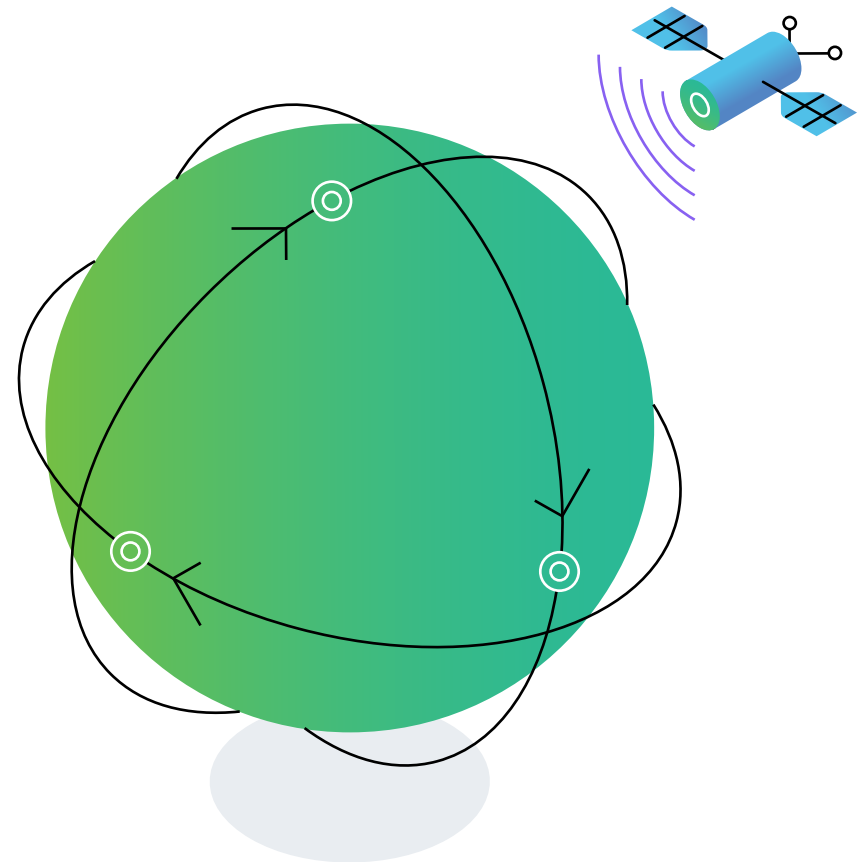
Why Change Now

Friction against change is present and very real. Devotees to "we've always done it this way" and "it's never hurt us before" are clinging to an outdated paradigm where market shifts are slow enough for laggards to react before damage is done. That's over. Technology has levelled the playing field.[13] Start-ups no longer need the huge salesforce and pricey infrastructure to be your worst nightmare. They can shift the tide against you quickly, so you need to start before that happens.

Your Transformation, Your Way

You can personally spark progress and create real impact in your organization, with or without executive support, regardless of where you sit in the organization. Start small with a well-defined project, learn, improve and then repeat. This follows the "Lean Start-up[14]" methodology and is the management equivalent to the software development shift from Waterfall to Agile. That shift saw the assembly line, "waterfall" approach to software development replaced by quick "sprints" and daily meetings where cross-functional teams address challenges and apply improvements in real-time. With this approach, stakeholders provide feedback at much earlier stages, avoiding wasted time and effort.

Three-year plans that delay your digital transformation will doom your organization. Things just change too quickly. By the time it's approved and launched it will be obsolete. Instead, pursue individual projects or initiatives. A good starting point is to inventory the work that is already being done. Review your web, marketing and mobile efforts, etc. Then, based on your prioritized business goals/outcomes, identify missing projects and areas for improvement; prioritize those, then stitch the projects together in a way that supports the overall strategy. This will enable you to plan strategically and deliver quickly.

IT

Combining Agile & Future-Proofing

Everything about Agile development makes sense: faster development cycles, more interaction with the business owner, more productive iteration and a better flow through quality assurance. It's so fantastic that the natural response is to apply these software development best practices to other areas of your business.

Here, the CIO has an opportunity to lead organizational digital transformation, applying these effective processes beyond application development to govern web development, content creation and customer journey mapping. Instead of being hampered by long creation cycles, organizations can be more dynamic and responsive to both stakeholders and market forces.

Applying Agile to the Business

Agile/lean methods can be particularly effective when applied to omni-channel experiences across web, mobile and other touchpoints. It can apply not just to coding the website, but also with initial designs and content creation. Move beyond the personal preferences and opinions that too often sway the day in unproductive ways, and let testing rule the day. Think about how early tests can determine the best way to design and build customer experiences. This is where process and infrastructure converge. You need to leverage a platform that supports this iterative approach—from creating the initial solution to iterating and pushing different content and design approaches—all based on user feedback. But you need not depend on costly or time-consuming usability studies. It can be done dynamically, quickly and iteratively by testing what draws eyeballs, and favoring what increases conversion. And remember, the ideas are only powerful if you have a solution to make it work.

Responding to Application Change

One of the best ways to enhance organizational agility is through automation—particularly when it comes to the logic associated with digital initiatives. At the end of the day, whether it's an internal or external process, it's all about digitizing data and logic. The pace of business change—especially for industries contending with evolving regulatory or eligibility requirements—means you have to design your organization and technology infrastructure to quickly respond. For this, collaboration between IT and business is essential since the business team understands the business logic and IT encodes the logic. But the time it takes to manually document the requirements, then code, test and deploy them takes far too long. Plus, the logic is often obsolete by the time it's implemented. Automating this process so the business team can participate—if not to drive the effort outright—is key.

Benefits of Increased Agility

Streamlined efforts become easier to manage over time as they remove the decision by committee that frequently gums-up the works. It further enables the IT and business teams to speak the same language when it comes to process, improving collaboration and cross-team cohesion. Use Agile as you develop your digital transformation strategy. Take a lightweight, nimble approach that values decisiveness and action, accompanied by testing and refinement. With data on your side, you can properly address any concern raised by those not involved in the decision making loop, then quickly move forward.

7.

COMBINED MAXIM

Business and Technology Collaboration is Key

A natural tension exists between business and IT organizations, so it's not easy to expect them to collaborate on a focused digital transformation goal. But collaboration is exactly what you need to succeed. Much of this tension relates to poor alignment of metrics and accountability. IT may be a cost center incented to mitigate risk, and prioritize security, governance and control. The business side is tasked with fueling revenue, growth and expanding opportunity—all of which are built on healthy doses of risk and strategic market insight. So at the executive level, it's important to recognize that while they each hold different metrics, their incentives need to be coordinated if you hope to achieve positive outcomes.
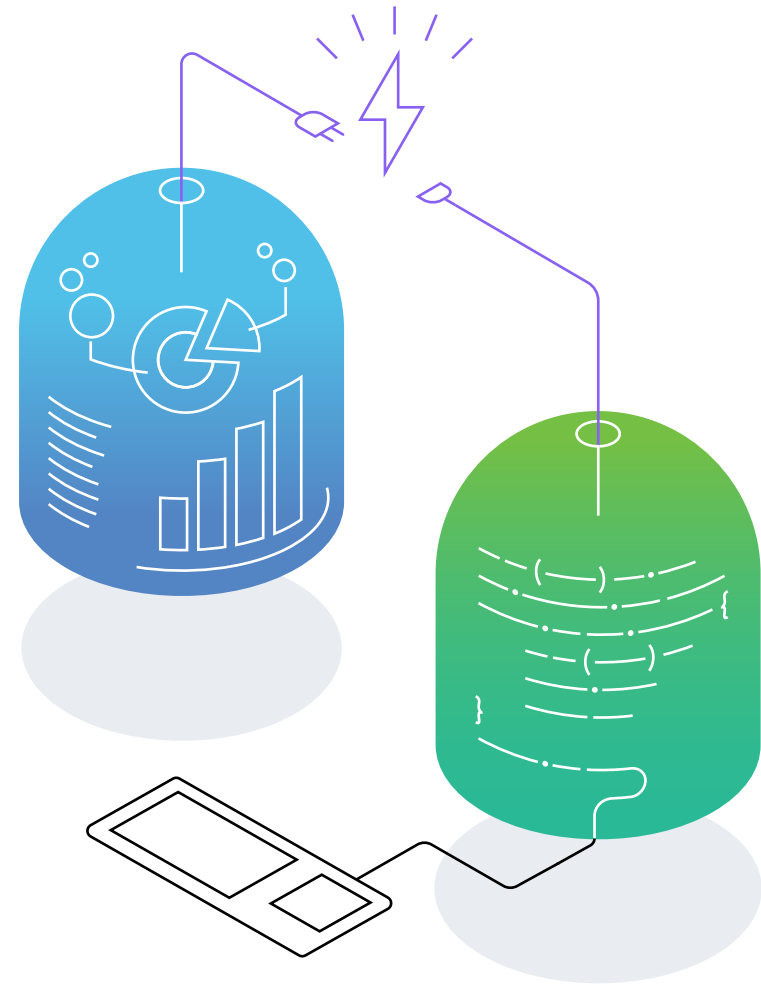
Tech Empowerment and Shadow IT

However difficult, IT must recognize the growing empowerment of business technology use. It's often borne of restrictive systems that don't quite meet the business needs of departments under pressure to execute quickly. Before you know it, some staffer has purchased a license for a tool, billing it to their credit card. The project grows in scale, extending beyond their abilities, and IT is brought in to fix the mess. This practice, known as "Shadow IT," can end badly in multiple ways, including conflict and removal of the unauthorized technology as IT reasserts control, or agility loss as IT gets up to speed on the "new" technology so they can rectify problems. Alternatively, IT needs to turn this Shadow IT into an asset, and use it as a means to fuel collaboration efforts.

Today's Tech Reality

- IT can't keep pace with every minor technology need in the organization. It needs to deputize its business partners to share the load.

- Business users are becoming more technically proficient. While this varies by age, technology interest, etc., many in today's workforce are adept at contributing to the applying technology without assistance from IT.

- Business users have a better understanding of the data, processes, etc.—because that's their job.

Steps to Foster Business/IT Collaboration

- Bring business and IT together early in the digital transformation process.

- Evolve IT value beyond tactical execution to being strategic business contributors/partners.

- Facilitate collaboration by embracing solutions that enable business analysts to participate in the development process.

- Share responsibilities for data and insight because both are needed. While IT owns the infrastructure and integration, business and IT should work together to understand data and turn it into business insight.

- Empower self-service for low value tech activities, freeing IT for more strategic and complex tasks.

8.

Don't Settle:
It's Not Either/Or—It's Both

Whether in our personal or professional lives, so often we need to make choices. The art of negotiation is about equitable give and take—compromising your way to the best result. "A fair bargain leaves both sides unhappy," as the phrase goes. Well, in the world of digital transformation, you don't need to compromise.

Governance
Mobile
Customer
High Revenue
Data
Business

&

Agility
Web
Employee
Low Cost
Content
IT

A PUBLICATION OF Progress®

Contents
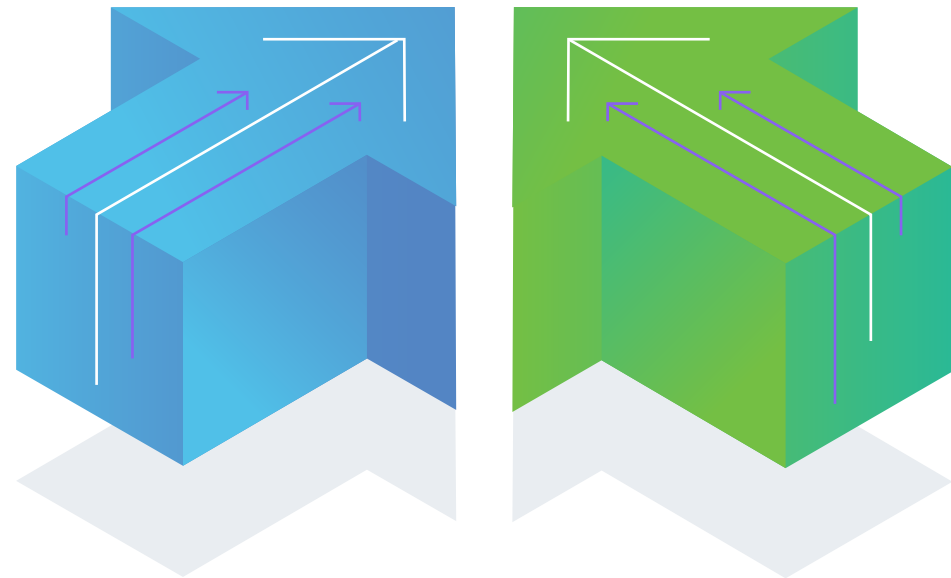
Stop Compromising Your Digital Transformation Vision

When balancing the needs of factors or constituencies, one side may hold a slight advantage, but you need not abandon either. Let's review a few examples:

Choose Both:
- Governance and Agility
- Mobile and Web
- Customer and Employee
- High Revenue and Low Cost
- Data and Content
- Business and IT

Governance and Agility

Finance and Legal want governance. Sales and Marketing need agility. IT is tasked with security and other service-level agreements. This security goes beyond managing accounts and passwords to ensuring proper control and consistency to minimize organizational risk. This extends to data protection, quality assurance and staff reliability.

The goal is to collaborate AND separate. Separate both business and IT from low-value interactions that can be automated with the proper degree of governance. This provides greater agility and speed for the business while enabling each persona to focus on strategic initiatives, including those highlighting the value each can yield when his/her expertise is properly leveraged. They are your in-house consultants, already on staff and paid for, so use their time wisely.

Mobile and Web

Falling into the omni-channel engagement model, it's important that mobile and web are likewise not considered an either/or decision. This is especially important since customers don't behave that way. They may start their journey on web, move to mobile, then open a chat window or give you a call. You need to be ready for each. It really should be "user-first," because the "mobile-first" approach is too limiting. It fails to account for all the other routes of engagement. Be sure to combine your web and mobile efforts rather than thinking of them as mutually exclusive.

Business and IT

It's important that your internal teams are empowered to provide templates, standardization, tone and voice guidelines. By leveraging an enterprise library of re-usable templates and components, you'll optimize both the security and performance of your efforts. These can likewise be shared at the local level—whether "local" is regional, departmental, brand, etc.—and ensure consistency and the proper level of control. If new content is required, these templates will serve as a solid foundation from which to start.

Customer and Employee

Experiences should be developed and implemented with the complete spectrum of users in mind: customers and employees. As internal users, your employees are critical to fostering superior customer experiences. Their behavior impacts the speed and quality of customer outcomes, even those not done directly. That's because most of what employees

do will impact the customer in some way. If employees are not properly engaged, if they're not energized to innovate, your business will fail. The systems you use have a large role to play in this.

As we discussed in earlier Digital Ultimatum principles, employees now bring business-to-consumer expectations to their application engagement. This in turn impacts both employee recruitment and retention, as well as the quality of candidates you attract, their productivity and how well they represent your company to the public— both customers and stakeholders. Protect your entire stakeholder ecosystem by developing and deploying intuitive experiences that both your customers and employees will enjoy.

9.

It's People, Process and Technology

It's easy to dismiss digital transformation as simply another buzzword, so let's strip it down to the bare essence. What is digital transformation and how does it happen? It's the intersection of people, process and technology fused to help businesses better innovate, compete and win in a digital-first world.

Note we put technology last, and that's intentional. While it's the enabler, the force creating leverage and can be the basis for digital transformation, you need much more than a platform to succeed. Without the proper people, strategy and process, your results will be limited.

A PUBLICATION OF Progress®

Contents
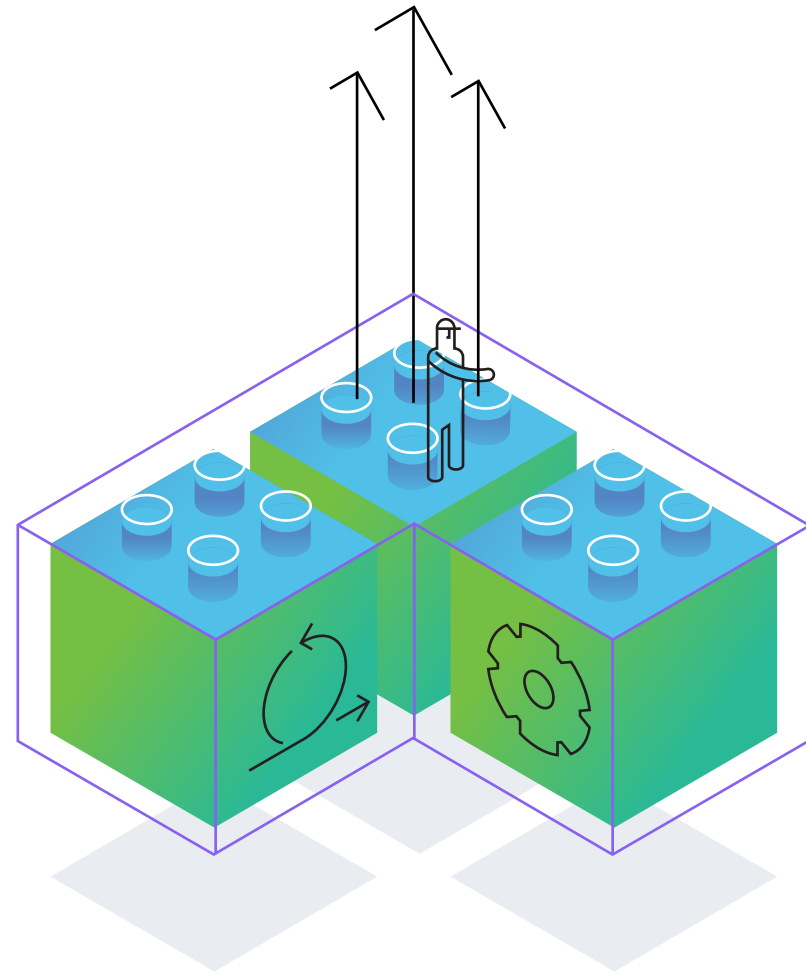
Think back to your last project failure. What happened? Were the poor results due to technology, or was there a process breakdown? Did colleagues sufficiently collaborate, or was there cultural resistance to change? Were business users properly prepared? Did you communicate with executives about expectations? You likely get the point. More often than not, when a project fails, it's not the software.

So what should you do to ensure success?

Woo the C-Suite

Digital decision makers said Chief Executive Officers, CIOs and CMOs are the key advocates to secure when pursuing digital transformation, but they can likewise be the biggest detractors.[15] This makes it crucial to engage your executive team early to get their input—and support. You will need the force of the office, not just for budgetary reasons, but to also gain strategic organizational alignment and influential advocacy.

Crafting an Innovative Culture

Do successful companies have more engaged employees who drive an innovative culture? Or, does innovative technology create an environment where employees are more likely to be engaged? Can charismatic leadership alone drive the innovation engine? Likely, all three factor into the relative success of transformation strategies. This Digital Ultimatum is a starting point for that conversation, promoting the complex scenarios you need to consider to truly foster a transformation culture.

Beyond cross-team collaboration between IT and the business teams, there are other considerations:

- **Tap Human Capital:** Engage your human resources team as they have the skills needed to help you foster the right culture.

- **Pair Transformation with Innovation:** Strategies organizations use to foster innovation can also be applied to creating a digital transformation-friendly culture.

- **Embrace Risk:** Add risk-taking, specifically, as part of your corporate culture. Failure often yields the most insightful learning that can propel organizations forward; welcome opportunities to fail-fast, learn and iterate.

- **Apply a Lean Startup Approach:** Take the agile best practices of quick development and cross-team collaboration, and apply those across your organization.

- **Invest in Employees:** Treat your people as the competitive advantage they are by investing in technology and business skills, as well as leadership and process training.

Your success is tied to the entire ecosystem of people, process and technology. This extends to customers, partners and employees, as well as the interface between these groups and the technology you choose. When viewed through the lens of optimizing experiences, your digital transformation strategy will soon emerge.

10.

COMBINED MAXIM

Select the Right Technology Partner

Too often, technology is viewed as a tactical software purchase. This is secured from a vendor who has a limited scope to install and integrate, also known as, the "make what we purchased work" approach. While prevalent today, a mindful approach to digital transformation requires a renewed approach to vendor selection.

A PUBLICATION OF **Progress**

Contents
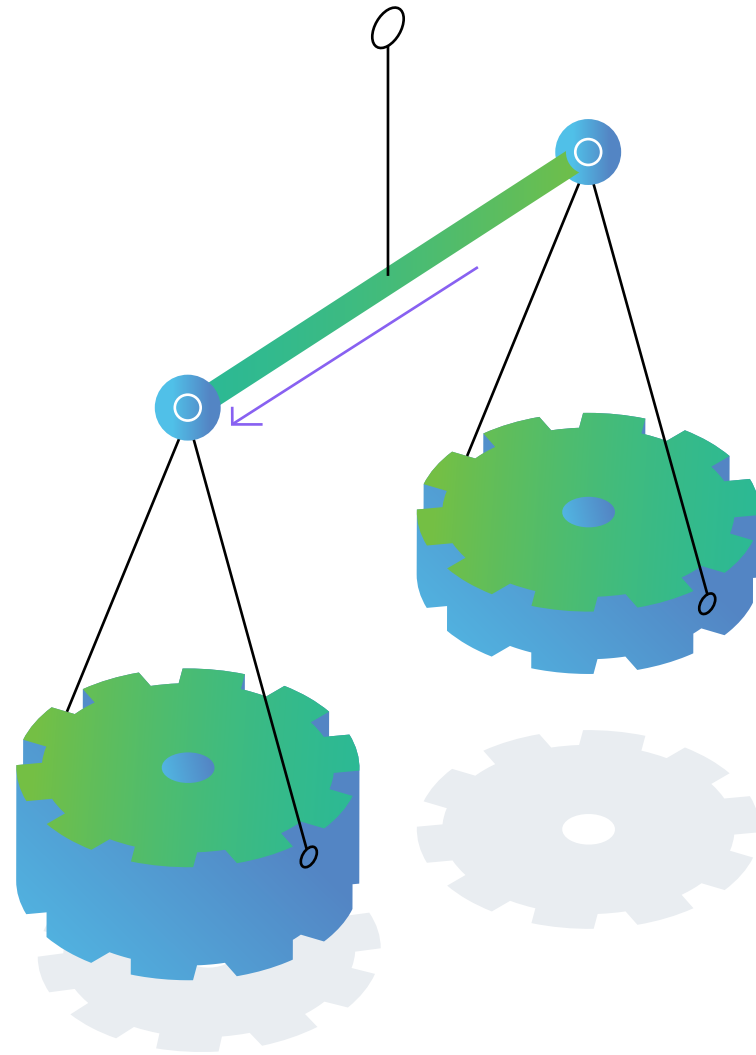
Seek Partners, Not Vendors

Given the strategic nature of vendor decisions, you need to start thinking of them as partners. Partners are invested in your success. Partners take a shared risk, shared reward approach precisely because they're in it for the long haul. This Digital Ultimatum can inform your vendor selection by providing the key consideration factors you need to map the delivery capabilities of future partners.

What to Consider:

- **Require a Proof-of-Concept:** Focus on vendor viability, product fit and technical support, but also investigate the strategic direction they offer. Digital transformation is a high stakes customer facing enterprise, so you'll need to be prepared.

- **Seek Breadth in Expertise:** While your current digital transformation efforts may be narrower in scope—say mobile or web—you'll want a partner with more extensive capabilities to provide flexibility as your transformation evolves over time to encompass a more omni-channel view.

- **Leverage Existing Systems:** Whether you're approaching generational change, re-platforming, or looking to augment your existing infrastructure, you'll need to select a software partner that can effectively leverage what you have—including your staff—and make it work better.

- **Prize Collaboration:** Ensure your partner can foster business and technology collaboration vs. only support one side of the house. This support should balance self-advocacy with prioritized workloads to improve efficiency and reduce bottlenecks. Success will look different depending upon the objectives of each team, be they business, IT, DevOps, demand generation, marketing, etc.

- **Link Partnerships to Outcomes:** When drawing service level agreements (SLAs), be sure to touch on areas that advance your business goals, not just your technical infrastructure. Items such as software uptime and technical support can combine with other business metrics such as customer conversion and employee engagement to ensure your partner is invested in your business success.

Conclusion

The principles covered in the Digital Ultimatum demonstrate ample opportunity for you to define and pursue your own transformation journey. Your needs are unique, so it's crucial for your journey to begin with healthy self-reflection and keen alignment on optimizing your customer experience.

Your scope, technologies, cultural resistance and organizational objectives will determine how you proceed and how far you go. What is no longer up for debate are the dynamics of the digital landscape and the urgent need for organizations to transform.

Businesses will soon suffer financially if they fail to ready themselves for a digital world. The only smart course is to start the conversation.

Learn more about how to start your digital transformation by visiting:
www.progress.com/digital-transformation
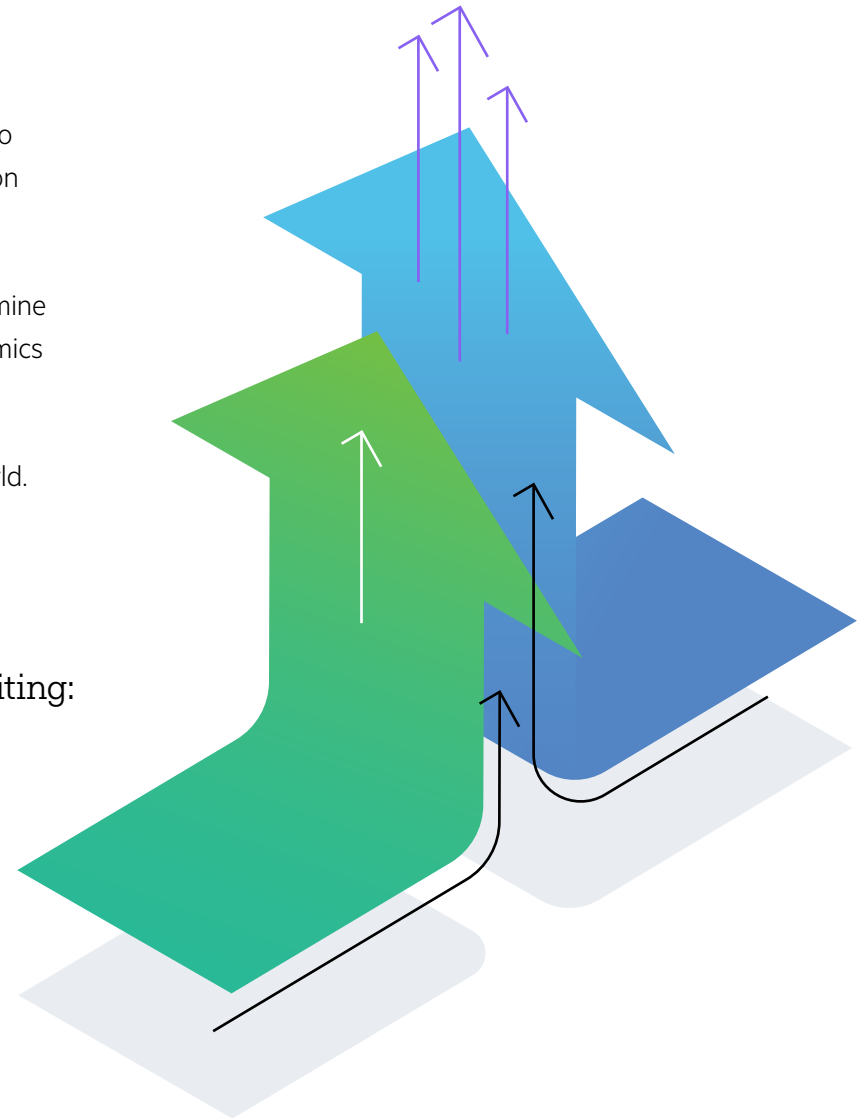
References

[1] Are Businesses Really Digitally Transforming or Living in Digital Denial: A Report on the State of Digital Business

[2] Ibid

[3] Ibid

[4] Internet Retailer 2016 Mobile 500 Guide

[5] www.thinkwithgoogle.com/articles/how-micromoments-are-changing-rules.html

[6] Demand Metric

[7] Towers Perrin International

[8] Are Businesses Really Digitally Transforming or Living in Digital Denial: A Report on the State of Digital Business

[9] Ibid

[10] Ibid

[11] IDC Digital Universe Study

[12] Big Bets on Big Data: Who, Where and What

[13] World Development Report 2016: Enabling Digital Entrepreneurs

[14] The Lean Start-up, Eric Ries

[15] Are Businesses Really Digitally Transforming or Living in Digital Denial: A Report on the State of Digital Business

About Progress

Progress (NASDAQ: PRGS) is a global leader in application development, empowering the digital transformation organizations need to create and sustain engaging user experiences in today's evolving marketplace. With offerings spanning web, mobile and data for on-premise and cloud environments, Progress powers startups and industry titans worldwide, promoting success one customer at a time. Learn about Progress at www.progress.com or 1-781-280-4000.

Worldwide Headquarters

Progress, 14 Oak Park Drive, Bedford, MA 01730 USA Tel: +1 781 280-4000 Fax: +1 781 280-4095

On the Web at: www.progress.com

Find us on (f) facebook.com/progresssw (y) twitter.com/progresssw (o) youtube.com/progresssw

For regional international office locations and contact information, please go to www.progress.com/worldwide

Progress®