Ensuring successful transition to a digital enterprise
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Introduction

The digital revolution has touched every part of society and there are few industries that haven’t been impacted by it, either through increased competition from online companies or by the use of new advanced working tools. In sectors as diverse as financial services and manufacturing, the increased use of digital technology offers a wide range of business benefits that offer significant competitive and customer service advantages.

Business in 2016 and beyond will be driven by those who are willing to fully embrace the new digital landscape. Analyst house IDC predicts that the adoption of digital business strategies will drive more than half of all enterprise IT spending by the end of 2017, rising to 60% by 2020.

With so many choices, it is important to ensure the strategy is a sound one which meets the specific needs of each company and industry.

This white paper discusses the key processes that provide the basis for successful evolution to digital infrastructure.

Which Digital Enterprise Model is Best?

Probably the most important element in any company’s digital strategy is the mission or end goal. Company leaders must carefully consider the parts of the business that will benefit most from this evolution to ensure investments are properly targeted.

The transition to digital takes many different forms. There are a number of business advantages that can be gained through the adoption of a strong digital strategy. However the wide array of options available makes the selection of the approach, scope and pace of deployment a daunting task. Success stories vary widely in scope. Some companies have used cloud services to provide cost efficiencies in their core businesses while others have focused on the creation of new revenue streams or expansion into new sectors by harnessing the power of data analytics.

One approach is to take all operations and systems digital at one stroke. A World Economic Forum analysis found technologies such as collaboration, reputation assessment systems and digital interviews can reduce HR costs by 7%, cloud accountancy systems can save 40% of finance-related expense and cloud computing can provide 50% reduction in IT costs. This approach has the advantage of speed-to-market, it can be extremely disruptive.

Another approach is to only make certain operating units or processes digital, for instance:

- Customer-focused – where companies focus on efficiencies to customer-facing staff
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- **Savings-led** – optimisation of manufacturing, support and supply infrastructure to reduce costs
- **Data-powered** – using analytics and software to improve revenues and customer service
- **Engineering innovation** – increasing automation in manufacturing including the use of augmented and virtual reality technologies
- **Open** – creating an open ecosystem accessible to customers

Before determining the approach, the first step is defining a ‘Go Digital Mission’, which crystallises the organisation’s digital aims, aspirations and goals. A Digital Mission that the organisation is aligned behind streamlines the choices to be made in determining the model that best supports it.

Organisations should consider their aims and digital models carefully. It is sometimes a good idea to use outside expertise if they are unsure which type of infrastructure to adopt and the appropriate timeline for deployment.

**A Strategic Approach Towards Digital Transformation**

Once the digital mission has been set, companies can determine the digital tools that will best support long-term, sustainable growth and work towards acquiring them. In one successful model, there are six key stages in the planning and execution of effective strategies to take any business digital.

**1. Needs Assessment**

The digital journey should be to achieve specific requirements and only begun after an honest, thorough analysis of the organisation, its structure and practices, and an assessment of which services could benefit most from modernisation and new market opportunities.

This will vary widely by organisation and sector. There is no right or wrong digital strategy: the model to adopt depends on the company’s industry, size, position in the market and a number of other unique characteristics. One enterprise might want to be more data-savvy to enable intelligent, real-time decision-making; another might want to increase automation to facilitate innovation and a wider range of services for end users.

Companies involved in heavy industry, for example, will likely derive the greatest impact from mechanical and logistical efficiencies while...
consumer-facing organisations may benefit from automating customer care or improving service delivery.

Usage scenario

An online delivery company specialising in supplying retail goods decided to use digital technologies to enhance the efficiency and traceability of its traditional logistics business model. The company went completely wireless, installing GSM technology in its headquarters and outsourcing mobile management. This digital infrastructure has enabled significant improvements in its ability to track and analyse the performance of its 700-strong fleet in real-time, even when vehicles are in India’s more remote towns.

The key is to define exactly what needs to be achieved before any implementation begins.

2. Ensure Internal Environment Readiness

Once the goals and parameters of the project have been defined, thorough assessment needs to be made of the internal organisation and buy-in of key influencers secured to drive the initiative.

A ‘Go Digital’ team must be defined with primary responsibility for the move to digital. The team must consist of members of the company’s IT organisation as well as other ‘internal customer divisions’, whose insights and user perspective are invaluable in the design of a successful system.

An error that companies often make is giving the core team members the responsibility for the change over and above their ‘day jobs’ – many have found to their cost that this approach can cause delay, missed deadlines and compromise on the quality of delivery as team members struggle to focus on the task. It is important to equip the core team with sufficient time and resources to get the job done.

Over and above this, the enthusiastic support of senior staff is vital to maintain the impetus for the move to digital. It is often far more effective for the internal ‘digital champion’ to be an existing member of the senior management team rather than a newly appointed Digital Officer. A study by consultants McKinsey and Company found that in 41% of organisations with a digital strategy in place, the CEO was responsible for the overall agenda.

The enthusiasm for the project, though, needs to extend beyond senior management, with the buy-in of the wider decision-making team central to ensuring smooth execution of digital strategies.

This is because going digital can fundamentally alter workflows and processes: this might involve unlearning decades of organisational habits that are no longer fit for purpose. The structures an organisation selects must break down traditional internal silos, encourage and stimulate democratic collaboration, and create agile flat teams to pursue
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innovation at internet speeds.

This is a major culture change and companies need to ensure everyone on the transformation team truly believes in what the strategy is trying to achieve.

Once the internal ecosystem is prepared, companies can begin the implementation process.

The employee benefits of digital working tools

The adoption of cloud working tools can have a positive impact productivity, with collaboration tools and messaging systems in common use across many enterprises. A collaborative internal communications system brings employees closer and many companies have reported the advantages of having a social network accessible at work. This not only increases morale but also streamlines communication among employees, all under an IT-monitored system.

According to IDG Enterprise, 87% of companies who have adopted collaboration tools claim they improved productivity and decision making, reduced travel costs by improving mobile working options and increased customer satisfaction.

3. System and process prepping

The next stage is to define the systems and processes required to meet the digital goal.

The process for digital infrastructure rollout must be fully road-mapped, under the guiding principle of efficiency and minimizing cost. Depending on the extent of digital infrastructure being rolled out, types of functions targeted, and sector, the method can vary to a great extent.

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This is the stage at which organisations must make a number of far-reaching decisions on their working processes:

Should digital assets be in-house or outsourced? Which and how many partners should be used? Should there be a staged rollout or all at once? There are also internal structural changes that need to be considered for the process to be a smooth and successful one.

A business may decide on a combination of building internal infrastructure and buying off-the-shelf physical solutions, adopting a strategy around SaaS, outsourcing to a trusted partner, or employing a selection of vendors to provide different elements of
the solution suite.

It is important to not only define the operational element of rolling out the new ecosystem, but also look to the future opportunities and operational dynamics created by the move to the new infrastructure. This will allow the system to be designed to support both current needs and future growth.

**Usage scenario**

*One of the main advantages cited by customers who have already moved to a largely digital infrastructure is an improved ability to utilise the data flowing through the company by virtue of having easier access to information and analytical tools.*

#### 4. Partner ecosystem

Many companies making these transformational changes to their organisations will likely have limited experience in the implementation of a digital infrastructure. For them it is advisable to use the support of digital specialists.

The first step in filling this knowledge void is to verify with current internal and external resources if they have the capability to fulfill the service requirements for the organisation’s changing needs.

For example, the company’s current internet services provider may also be able to offer cloud services; and data center vendor may also be able to provide enhanced bandwidth and speed. If this is the case, the most efficient and perhaps even the most cost-effective path to implementation may be to utilise the services already available, rather than seek a new supplier.

Another important decision to be taken is whether to use a single partner to implement the entire system from start to finish, or to use a selection of different vendors. While it is convenient to use a single vendor, if there is sufficient internal expertise for co-ordination, it might be advantageous to use different specialist partners for different elements of the deployment.

Yet another far-reaching choice is whether to own the digital assets, lease them, move to the cloud or purchase as-a-service, depending on the CAPEX / OPEX appetite of the organisation concerned.

Sometimes an innovative ‘hybrid’ deployment model might prove to be the best option. Rather than wholesale outsourcing or building extensive on-premise facilities it can be more effective to own a base level of equipment and outsource or rent space for busy periods. Consulting with partners familiar with these issues will enable accurate assessment of the options available.
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5. Evaluation and benchmarking

Benchmarks and milestones must be defined at the start of any project – or success becomes increasingly difficult to gauge and the project may become less focused.

Systematic progress assessments are vital to keep implementation on schedule, and to deal with unexpected roadblocks. This evaluation must continue even post-launch, to facilitate ongoing improvement and efficiencies to define if the system is working as it should, and if employees and customers are able to operate in a frictionless environment supported by the new infrastructure.

As with all segments of business, establishing metrics helps assess the success or failure of a project. This is invariably easier to track in a digital ecosystem, which is designed to make it easier to collect information and conduct analysis. The ability to easily access and harness this data should be built into the system from the initial deployment phase.

*The World Economic Forum recommends organisations define one or more ‘digital traction’ metrics to check on an ongoing basis whether they are on track with their digital vision. These are behavioral KPIs (including user engagement) to measure the ‘stickiness’ of the chosen digital business models.*

Values and metrics used will vary by company and individual digital aims, however one of the key elements that should never be forgotten is the impact on the customer.

6. Assessing the customer benefit

The final stage is arguably the most important - assessment of the impact to the end customer.

Daniel Newman of Futurum Research recently wrote that the customer experience was the ultimate goal of any digital transformation4. Conversely, poor execution of digital strategy can have the opposite impact if it hampers previously reliable services.

Going digital is a fundamental change that demands a lot from the organisation and its infrastructure. To stay motivated it is important to have a well-planned route to define how the customer will benefit from this evolution, rather than just measuring the impact on the bottom line.

Customers could benefit from greater agility, improved customer service, reduced costs, greater transparency, a more extensive service set and in some industries access to extensive analytics. A digital platform can even enable companies to expand the potential customer base, allowing them to target new services to specific segments or open the way to partnerships with selected third parties.

*Author Name: Tata Tele Business Services*
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looking to offer valued services to these specific customer or company groups.

By fully embracing the digital journey, companies can achieve greater levels of service at lower costs, enterprises offer enhanced services, compete with new players in the ecosystem and create operational efficiencies. This promises to transform their business and see them compete effectively in the new ecosystem.

Customer survey

*In order to properly define the elements of the digital strategy that customers would value most, why not ask them? A survey is a great way to identify the elements they would like to see within the offering and ensure the company is investing wisely.*

Asking customers also provides an excellent marketing opportunity as it demonstrates the company’s commitment to improving services, creates a dialogue about current offerings and revealing their value to the organisation.

Conclusion

Embracing a digital way of working can provide a range of benefits for businesses of all sizes and types. However, to ensure this transition is both smooth and meets its objectives, it is important to create a detailed roadmap, including the impact on the existing business and customers, and the need for internal and external resources.

Achieving the complete support of all stakeholders and ensuring the project is carefully designed and measured throughout will offer the greatest chance of success and ultimately benefit the company and customers.

References


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