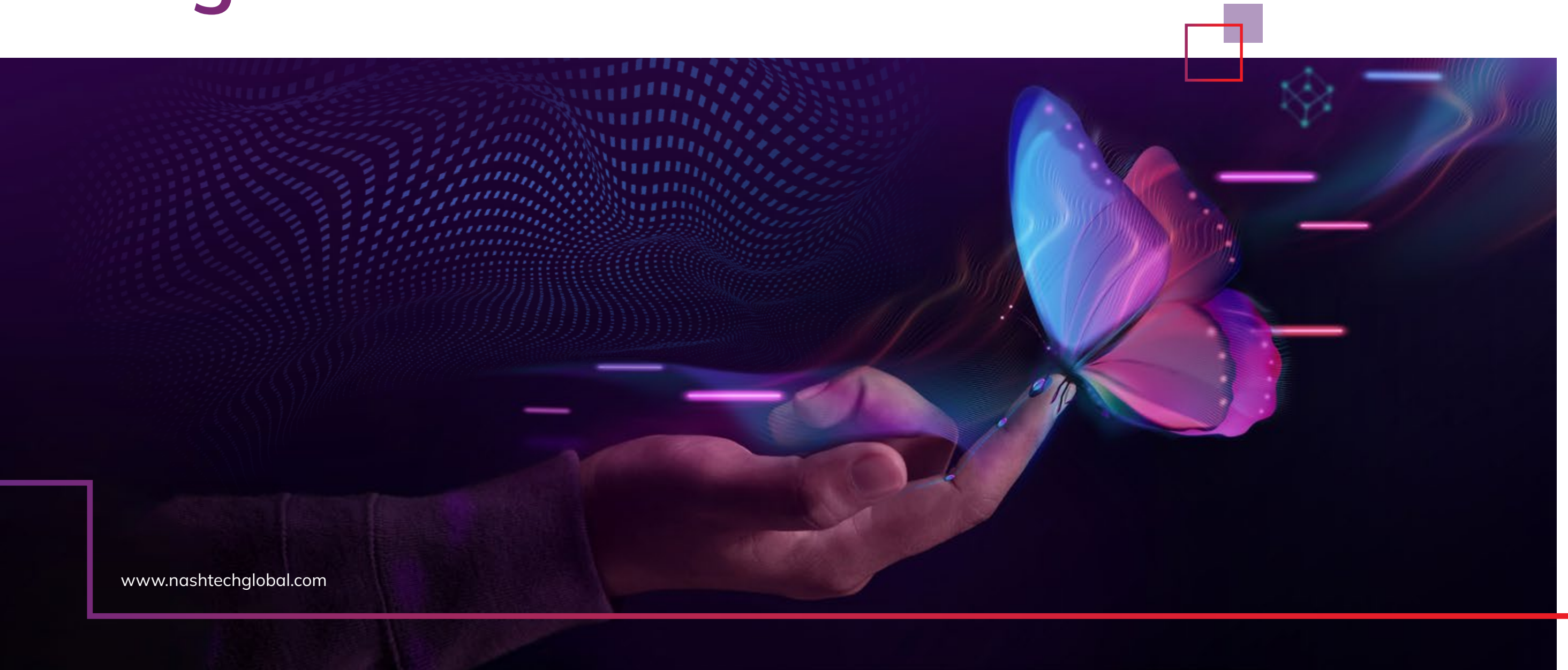


A step-by-step guide to digital transformation

Nash
Tech.

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Digital transformation is changing the business landscape and has altered not only how businesses are seen by their customers, but also how they operate.

New technologies and changing customer expectations have created new markets, and in turn, new customers and competitors. These factors are driving business transformation at an unprecedented pace, which is only expected to accelerate.

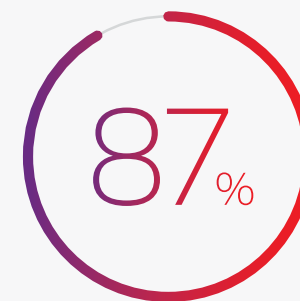


We live in a time where rapid innovation and speed to market are more critical than ever before. Digital disruption is changing the world in which we live and work. The COVID pandemic drove many changes in the relationship between businesses and their customers - most notably a shift towards digital channels.

Customer expectations are being driven largely by digital disruptors and innovation. Customers are empowered by the digital era. They're connected 24/7 and increasingly expect the same around-the-clock access to the companies they do business with.

To remain competitive in our increasingly digital world, businesses must deliver on customer and market demands in a faster, more agile way. Today, businesses are implementing digital transformation initiatives to gain faster time to market, stay competitive and optimise the customer experience.

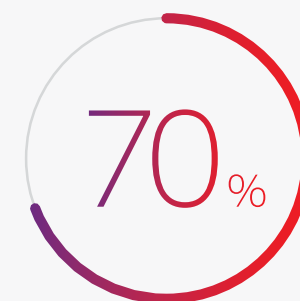
Companies increasingly recognise the opportunities digital transformation brings with the two biggest prizes being **enhanced customer relationships** and greater **value chain integration**. Since digital transformation is a comprehensive reinvention effort, it requires more than just a set of digital initiatives. A useful framework must include strategic, technological, talent and organisational culture considerations.



of business leaders believe digital will disrupt their industry in the 2020s



of customers said that technology has significantly changed their expectations of how companies should interact with them



of customers said new technologies have made it easier for them to take their business elsewhere

(Source: [Deloitte](#), [Salesforce](#))



Defining digital transformation

Digital transformation is a rethinking of how an organisation uses technology, people, data, and process in pursuit of new business models and revenue streams, driven by changes in customer expectations around products and services.

Many different paths lead to digital transformation, and each organisation's journey is unique. Digital transformation can refer to anything from IT modernisation to the creation of new digital business models. For instance, a company might introduce cloud computing or AI to enhance its customer experience, while another company might redesign its supply chain to make better use of machine learning.

Digitisation vs. Digitalisation vs. Digital transformation

What's the difference?

As digital transformation grows in popularity, one can easily be confused by the meaning of digitisation, digitalisation and digital transformation. While these terms are often used interchangeably, in reality, these three terms have distinct meanings:



Digitisation

Digitisation is the process of translating analog information and data into digital form—for example, scanning a photo or document and storing it on a computer.



Digitalisation

Digitalisation is the use of digital technologies to change business processes and projects—such as skilling employees to use new software platforms designed to help launch products faster.



Digital transformation

Digital transformation includes all aspects of business that change due to the digitalisation of business processes, like new customer interactions, online growth strategy, remote work, and more.

While many organisations have undertaken a digital transformation in response to a single competitive thread or market shift, to be successful, digital transformation must extend beyond a one-time fix. Starting a digital transformation journey requires a new mindset. It's a chance to reimagine how your organisation operates, often from the ground up.

“

Digital transformation needs to be business-led. It needs to be a business transformation that's enabled by technology.



George Lynch

Head of Technology Advisory, NashTech



Digital transformation is business transformation

It's crucial to keep this in mind when embarking on a digital transformation journey. It's not just about updating IT systems and applications. It's a cultural shift, a reimagining of all your organisation's processes and ways of doing things. Some of the goals include improvements in efficiency, managing risk or discovering new opportunities.

Digital transformation involves an organisation using or adopting new digital technologies, processes and frameworks to change the way the business operates. It isn't the digital technologies that are transforming, instead, the business itself transforms through the use of these digital technologies. It's a natural progression from traditional business transformation.

So how can organisations make sure that their digital transformation efforts make a purposeful and sustainable impact on the business?

If digital transformation is going to be meaningful and lasting, companies must think about changes in products and processes more than changes in technology. But many companies struggle to look past the shiny promises that often accompany new technologies. As a result, they dedicate too many resources and too much attention to the technology side of digital transformation efforts.

They must drive real value for the customer and improve outcomes for the business - not merely install technology for technology's sake. These transformations typically result in shifts in the customer experience, the digitalisation of products and services, the emergence of new economic models and advances in operations. Bigger questions organisational leaders need to ask themselves: is this just the cost of doing business today or can added value be derived from these improvements?

How to approach your digital transformation journey

Digital transformation can be a daunting journey to start, but it's important to remember that it's not an all-or-nothing proposition. Having the right approach to digital transformation is key to unlocking business value and delivering outcomes faster than is possible through traditional means.

Unlocking success in digital transformation requires a clear vision and understanding across the organisation. Utilising digital technology is just one piece of the puzzle. Having the right leaders in place, investing in talent, instigating cultural changes and digitising tools and processes all play key roles in driving transformational success.

Companies that form their strategies now, shift resources to new digital initiatives and redesign their organisation and culture will have a distinct advantage in the digital world.

For digital transformation to capture and achieve its full potential, organisations should follow these **five principles**:



Develop a vision
and strategy



Build your
dream team



Acquire the right
technologies and tools



Measure
success



Foster the right
organisational culture

How to approach your digital transformation journey

Develop a vision and strategy

Before embarking on your digital transformation journey, it's essential to have a clear understanding of what your starting point is and the direction you need to travel. Developing your vision and strategy is an essential part of the process.



The companies that have the most success are the ones that have taken the time to articulate the vision in a way that's measurable. It's not an elevator pitch. It's thinking through how it will materially improve the business.

George Lynch
Head of Technology Advisory, NashTech



To create a strategic plan for your organisation's transformation, begin by aligning IT capabilities to strategic organisational-level outcomes and business value. A good digital transformation strategy should be able to address these three components:



Strategy

What are your goals?



Technology

What technologies do you plan to use?



People

Who will lead this transformation initiative?

How do you develop a digital transformation strategy?

The most successful companies are those that have clear goals for their digital transformation strategy. They understand what they want to achieve by digitising their business operations, how they will get there, and what the end result should look like.

Without these capabilities built into the fabric of your business processes and culture, your digital transformation will stall. Leveraging the following steps will help ensure you craft a winning digital transformation strategy that delivers results.

Developing a digital transformation strategy isn't easy – but it is crucial to laying a strong foundation to launch your transformation efforts. The organisations that plan ahead today will set themselves up for a brighter future tomorrow.



Understand your current situation

Take stock of your existing technology estate and the teams handling it. This lets you know what resources you have and what you need—whether it's new talent, new processes, or investments in new hardware and software.



Start with an end goal in mind

Think of what the priorities of your digital transformation program are and who you are looking to empower. Do you want to:

- Find better ways to support business leaders and empower them?
- Speed up the development of new solutions to respond faster to customers?
- Reduce IT costs and empower your operational teams?

The right priorities will allow you to set up a list of use cases for which to build applications.



Define team requirements

Identify what you need your new digital team to look like, in terms of technical skills, functional roles and operating styles.



Influence internal stakeholders

You'll be working very closely with business units to deliver technology that makes their lives easier. You need to build trust with all business stakeholders, as well as senior executives.

How to approach your digital transformation journey

Build your dream team

People design, develop, implement and manage technology, and technology enables people. Having the right talent on your team is crucial to the successful execution of your digital transformation initiatives.

The right digital team starts with having the right leader. Once you have the leader in place, selecting a team with the right set of skills is crucial. Finding team members with the specific skills needed is one of the biggest challenges in digital transformation initiatives, along with having the right executive leadership.

By 2025, companies with cross-functional leadership and a digital team enjoy faster rates of innovation, higher market share gains, and greater operational efficiencies than their counterparts.

(Source: [IDC](#))

Not only are team members' professional qualifications important, but their personality and fit also play an important role in building the right transformation culture.



What roles are needed on your digital 'dream team'?

Successful digital transformation requires seven key positions. That doesn't mean only seven people are on the team, though. On average, there are 12 to 20 people on each digital transformation team. Key positions include:

Business-technology liaisons

Successful digital transformation projects start with the work of business-technology liaisons. These are people who understand business models, customer experience issues and technology strategies. They connect the dots as to whether technology can be used to solve problems or capitalise on opportunities. If there is a connection, they present the problems and suggest solutions to the technology leaders.

Security & compliance specialists

Often, digital team leaders want to wait until the end of the project to solicit input from security and compliance specialists. Unfortunately, doing so puts the project at risk because their input may halt everything if the technology, architecture, or applications violate security policies. Involve them from the start to work together to resolve any issues that may emerge that are questionable from a security or compliance standpoint.

Technologists

They are experts in leading-edge applications, services, and products that will help achieve the goal. These technologists are crucial to selecting the right technology and providers and validating whether the digital transformation project will be a failure or a success from a technical standpoint.

Project managers

The project or program managers now get to work developing detailed project plans. They are responsible for keeping the project staffed, on schedule and on budget. They schedule meetings, develop schedules, raise early red flags when anything is heading in the wrong direction and reset expectations.

Marketers

Marketers understand the business goal of the project, the impact of the technology and the most effective ways to market it all to employees, customers, and/or business partners. By understanding the customers — those affected by the digital transformation initiative — they can market the transformation in such a way that excites customers and makes them eager to interact with the company.

Financial stakeholders

They have the budget to fund the digital transformation projects and typically influence other budget holders to secure more funding if necessary. Ultimately, they want to monitor the business benefits of the project to document whether their budget was or was not well spent and whether the projected ROI is realistic.

Implementation leads

These are the people who execute on the digital transformation roadmap. They lead the implementation of technology and process change. The technology implementation leads to a focus on actual installations of the technology.

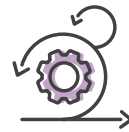
Four points to keep in mind when building your digital ‘dream team’



Every person on the team should be passionate about solving business problems. Technical proficiency will only bring them to their desks; without a sound understanding of your business challenges, they won't be able to supply innovative solutions.



Move beyond the traditional assignment of responsibilities centred around technical requirements, and instead let people own user stories. This will help them think deeply about the problem from every angle and work towards a business-enabling solution.



Agile methodologies are effective for successful collaboration. Since digital transformation demands a close working relationship between IT and business, it's advisable to train your team on this.



Digital transformation goes way beyond just delivering amazing technology. It's about a cultural shift, where people can experiment and explore to build solutions that can be scaled easily. Give your team the autonomy they need to drive innovation forward.

At the end of the day, digital transformation is a team sport. A high-performing team will include a mix of team members with knowledge of your business, combined with technical expertise and a willingness to bring new perspectives and ideas to the table.

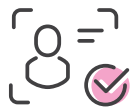


How to approach your digital transformation journey

Acquire the right technology & tools

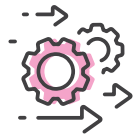
Digital transformation is built on technology - but choosing the right tools can be a challenge. Rather than picking products that sound good on paper, start with your strategic vision and adopt the tools that align with the strategy you developed in step one.

As a general rule of thumb, good digital transformation technology should hit at least one of these common goals:



Customer focus

At its heart, digital transformation is about enhancing the customer experience. Look for tools that make it easier to engage with customers.



Faster processing

Whether you need to share medical imaging in real-time with a specialist hundreds of miles away, boost production on your assembly line or help the back office catch up with invoices, choose tools that enable your processes to run faster and more smoothly.



Better business intelligence

Digital transformation opens up powerful opportunities to use real-time analytics and sophisticated data analysis to make stronger choices to grow your company.



By 2023, 90% of worldwide organisations will prioritise investments in digital tools to augment physical spaces and assets with digital experiences.

(Source: [IDC](#))

Although you can find a wide variety of tech solutions for digital transformation, most fall into one of a few categories. Some of the most common include:



Cloud

Cloud computing is at the heart of digital transformation. Rather than storing data on servers maintained by your own IT department, the cloud utilises a network of remote servers. Clouds can be public, private, or hybrid, depending on your business needs. Shifting operations to the cloud lets you scale up at a lower cost while making it easier to access company data remotely. Gartner predicts that over **95% of new digital workloads will be deployed on cloud-native platforms by 2025**, up from 30% in 2021.



Robotic process automation

RPA, or software robotics, can take over some repetitive back-office work. From filling out forms to reconciling data, RPA systems can perform rules-based tasks, freeing employees to focus on more complex endeavours.



Artificial intelligence / Machine learning

These technologies are revolutionising the way businesses solve problems and meet challenges. From smart chatbots that guide customers through online storefronts to AI capable of rapidly iterating new system designs, companies in nearly all industries are finding a use for these solutions.



Big data

Big data focuses on enormous data sets. As the theory goes, the more data you have, the more accurate the conclusions you can draw. Thus, tapping into big data helps you make smarter business decisions.



Digital transformation often feels like a frantic race to devise more scalable, flexible and resilient IT systems that also support innovation and keep customers engaged. It isn't about the latest trends. One of the most common pitfalls we see organisations struggle with is “technical debt”.

Buying software or technology tools that sit unused is a waste of your organisation's time and resources. Even if you have a small amount of debt, it can accrue interest and you quickly find yourself dedicating significant resources to servicing the debt

Some 30 percent of CIOs believe that more than 20 percent of their technical budget, dedicated to new products, is diverted to resolving issues related to technical debt.

(Source: McKinsey)

Evaluate which systems and applications bring the most value to your organisation to recognize which merits the most time and resources, and can support innovation. It's about leveraging the right technology to fundamentally improve your product or processes to make you more competitive, efficient, and customer-centric.

How to approach your digital transformation journey

Measure success

While the business imperative for embracing digital, data and analytics is widely understood. The link to business value is not. As organisations launch more and more digital initiatives, they must monitor whether they are delivering business results.

Business and technology leaders might report progress on digital initiatives to the CEO, but simply getting projects off the ground doesn't guarantee that the organisation is increasing revenue, profitability, market share, or efficiency as a result.

Yet, measuring the success of your digital transformation can be a challenge, one that many companies avoid monitoring altogether.



of all organisations have
no metric to measure
digital transformation

(Source: [Gartner](#))

Pinning down metrics to measure digital transformation is a challenge when transformation efforts look different for all organisations. There are no universal metrics that apply to all organisations. While your transformation journey may not come with a clear endpoint, it doesn't mean you shouldn't have strategic goals and KPIs along the way to measure your progress and outcomes.





How do you identify the right metrics that work for your organisation?

Digital transformation KPIs are indicators of the progress towards achieving your transformation goals. Measurement is critical to ensuring that all the expense and effort of your digital investments are paying off. To ensure you're monitoring KPIs that work best for your organisational goals, it's important to start by asking yourself these five questions:

1

What is being measured?

2

Where are we today?

3

What is our target goal?

4

What is our desired business outcome/benefit?

(i.e. 50% better customer outcomes and 20% lower costs)

5

Is it starting to transform the culture?

What metrics should your organisation be focused on?

Trying to measure too many KPIs can create confusion and make it impossible to make any progress. It's important to narrow in on a few different KPIs to measure your digital transformation goals. The KPIs you select should be specific to you, your team, and your organisation's goals. The best metrics:

- **Have a clearly defined and unambiguous relationship to a business outcome**
- **Work as a leading, not lagging, indicator**
- **Address a specific, defined audience**
- **Can be understood by a non-IT audience**
- **Drive action when they change from green to yellow to red**

While digital transformation can vary dramatically from organisation to organisation, there are some common metrics you can depend on to effectively measure the success of your transformation efforts.



Return on digital investment

Return on investment is one of the most popular KPIs for any new transformation initiative. IDC estimates that [global spending on digital transformation investments will hit \\$3.6 trillion in 2026](#). That's a lot of capital. You'll need a way to track your return on investment (ROI) over time. After all, you want to be sure you're getting your money's worth when purchasing new technology. Return on digital investments tells you the relationship between money brought in and money taken out in relation to your digital transformation.



Employee productivity

New technology and processes can drive employee productivity, helping them do more in less time. But it can also be complicated and make your team less productive. Before you can start to measure employee productivity, you need to get specific about what that means. Define what productivity means to your company and then quantify it.



Customer experience

Customer experience is key to building a loyal customer base. Measuring how they're engaging with and using your platform or product is crucial for long-term success. These metrics might include customer effort scores (CES), customer satisfaction (CSAT) and net promoter scores (NPS).



Usage metrics

For both customer and employee-facing initiatives, new digital products and platforms can typically be measured in terms of their uptake and usage. The active usage metrics of digital assets provide information on how users are engaging with your technology and if there are any issues with the platform. Some common user engagement metrics include daily active users (DAU), conversion rates and churn.

How to approach your digital transformation journey

Foster the right organisational culture

Organisational culture is one of the most important factors separating successful digital transformations from unsuccessful ones.

Digital transformation is only partly about technology. While technology and a strong digital strategy are critical, you need a culture conducive to its execution. That's why organisations that

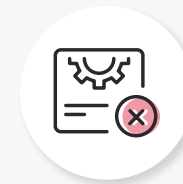
want to experience digital transformation success should focus more on the culture than technology.

Leadership, the way employees interact with each other and processes that define the operation, all form the base of an organisation's culture. Digital transformation and culture go hand-in-hand. Both have to have well-thought-out processes in order to deliver the most impact.



Cultural barriers to digital transformation

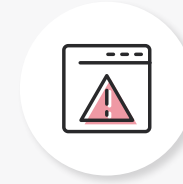
The main bottleneck to digital transformation is the lack of a strong and common culture. Here are some cultural barriers that can hinder the transformation process:



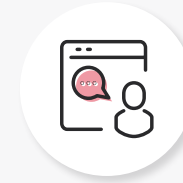
Reluctance to let go of existing procedures



Inconsistent resource allocation



Reluctance to embrace or take on risk



Lack of communication and transparency across the organisation

Three steps to overcome the cultural barriers of digital transformation

While people and culture have been integral to a company's success, they also have been the biggest barrier to digital transformation. By failing to communicate the importance of digital transformation, organisations can face resistance from employees to change. This necessitates regular communication with employees about the change and the benefits behind these changes to keep employees motivated and eliminate any resistance to change.

During times of significant change



of employees experience, "cultural tensions" or competing priorities that they don't know how to balance

Senior management teams that communicate openly about digital transformation are



More likely to progress and succeed

(Source: [Gartner](#), [McKinsey](#))

So how do you get your culture in line with your digital strategy? Prioritising the following three areas can help ease the barriers hindering your transformation efforts:



Support from the top

Truly changing culture requires support through the management hierarchy down to every front-line employee. It's crucial that the full organisational pyramid is tuned towards transformation. ING Group, a global financial institution, is one company that got this right. In transforming itself into a digitally focused organisation, the bank eliminated most of its middle management layer and shifted from a command-and-control style of leadership to having senior leaders set the high-level direction and strategy but giving autonomy to the teams charged with execution.



Removing silos

A lack of interaction and collaboration is a common refrain we hear from companies building transformation cultures within their organisation. Digital organisations must remove silos between departments, functions, and reporting lines and instead focus on creating cross-functional teams that are self-organised, non-hierarchical, and empowered to execute projects from start to finish.



Break through risk aversion

In a digital world, one of the biggest risks is not taking risks. Companies standing still are the ones that lose the most from digital disruption. Taking risks does not mean you should take any risk. The amount of risk often depends on the size of the investments at stake.

It is critical for organisations to take a proactive stance on culture, as cultural changes within an organisation are always more complex and slower than the technological changes that foster them.



Bringing it all together

Digital transformation is a stepping stone to true innovation. Business success depends on understanding how external forces such as globalisation, demographics, and sustainability impact a company's transformation strategy and position.

Many businesses today are still at the beginning of their transformation process. To get the most out of digital transformation, companies need to foresee the possible problems and avoid pitfalls such as resistance to change and challenges in implementing the correct skill set.

If technology is the engine of digital transformation, data is the fuel, process is the guiding system and cultural change is the landing gear. You need them all and they must all function well together.

Your partners in transformation

To achieve your vision of digital transformation, it's vital to pick the right partners. NashTech can help you meet the evolving expectations of your customers and employees. Our multi-disciplinary teams help clients achieve transformation using traditional digital technology, disruptive digital innovations, and non-digital capabilities as well. Combining a commitment to innovation with industry experience and agility, NashTech can help your organisation thrive in the digital world.



We are experts in technology, delivering smart solutions that solve business challenges and create value. Our award-winning teams apply deep expertise and passion to deliver complex IT projects globally.

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