

Global spending on digital transformation is forecasted to increase by 17.1 percent per annum between 2019 and 2023, and spending on digital transformation technologies is expected to reach \$2.3 trillion in 2023¹. The digital transformation imperative has also accelerated due to the COVID-19 pandemic. Many of our clients are either undergoing or considering a digital transformation. Digital transformation has significant cultural, organizational and technology implications for these organizations. We have developed some executive insights for those undergoing or considering a Digital Transformation.

- 1 Define “What it is” and “What it is not” - for your organization.**

There are many different definitions of digital transformation. Align on a common definition of digital transformation for your organization – typically we recommend a definition focused on better serving the customer digitally and at scale. Avoid an eclectic definition created by new technologies and random acts of digital enablement.
- 2 Be Clear About What Your Customers Want.**

Your customers may or may not want increased digitization. Sending 3D models to a factory partner who is only capable of working in 2D is digital disruption of the worst kind. Ask your organization how digital transformation can improve their ability to serve their customers and ask your customers (internal and external) how digital transformation can enhance their experience.
- 3 Think Big, Start Small, Scale Quickly.**

Review all your processes but begin with a pilot of an end-to-end, and preferably customer facing process. Test your definition of digital transformation and your understanding of customer benefits. A major benefit of digital transformation is that digital processes can scale quickly and infinitely, once your pilot is successful, scale quickly.
- 4 Focus on End-to-End Processes**

End-to-end and particularly customer facing processes, are ideal candidates for digital transformation. Digital transformation is much more than digitizing a currently analog process. Seek to fully integrate into your customers business model or experience.
- 5 All About Scale**

The real benefits of digital transformation are in its ability to provide scale, increased scope (by connecting to other processes), accuracy and sophistication and enhanced learning and integration to processes across your entire organization. Digitization of a currently analog process may provide some incremental benefit but seek to gain benefits in all these categories as part of your digital transformation.
- 6 Data, Analytics and AI Capabilities are Key**

Digital transformation starts and ends with data. Digitally transformed processes are data super-spreaders with the data they produce being an inherent decision-making foundation. Leverage the data from the digitally transformed processes with enhanced analytics, AI and ML if possible. “Datafication” leads to insights and insights drive organizational efficiency and enhanced customer experiences.
- 7 More Than A “One & Done” Technology Project**

A digital transformation is a cultural, organizational and technology shift – alignment, *enablement and commitment* is key. Business leadership is essential. Avoid a technology lead digital transformation. The continuous learning afforded by a digital transformation means it is never truly “done” and certainly not a “tech project”.

About the Author

Michael S. Kenny is the Managing Partner of Kenny & Company and has over 25 years consulting experience with Accenture, Deloitte and EDS planning and leading large complex initiatives at Fortune 500 companies with C-Level executives. He has led projects in Business and IT Strategy, Business Process Re-engineering, Enterprise Architecture, Systems Integration, Business Intelligence and Supply Chain.

1. IDC Worldwide Digital Transformation Spending Guide, 2019.

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