



Make Digital Transformation Stick: 4 FOCUS AREAS FOR LONG-TERM SUCCESS

By Matthew E. Johnson

Why do important digital transformations collapse even after relatively successful deployments? Too often, it is because the business advances but its technology remains static. Effective programs require regular updates, ongoing support and proactive improvements to keep up with internal and external change.

Digital transformation is often described as a journey. This is an inapt metaphor, however, as a journey has an end and successful transformational programs do not.

[Digital transformation](#) is often described as a journey. This is an inapt metaphor, however, as a journey has an end and successful transformational programs do not. These initiatives are continually funded to ensure technology capabilities stay in alignment with the business as it evolves. In constant pursuit of excellence,

Key Takeaways

To realize and sustain the benefits of digital transformation, businesses should:

Understand that digital transformation is not a one-time journey but a cyclical process of optimization and iteration.

Establish a center of excellence for your digital transformation effort at the start of the initiative to ensure continuity and ongoing oversight.

Ensure your data infrastructure is optimized to provide critical insights that can empower informed decision making and organizational agility in the face of increasing economic uncertainty.

these organizations establish cyclical processes for optimizing and iterating their approaches.

4 Focus Areas for Digital Transformation Sustainability

For businesses in the middle of a digital transformation initiative, there are four key areas leaders should focus on to ensure the seamless execution and long-term sustainability of their programs.

	CENTER OF EXCELLENCE Give the program structure and ongoing governance by establishing a center of excellence (COE) team.
	DATA INTELLIGENCE Empower leaders with actionable organizational data and insights to support their decision making.
	USER ADOPTION Keep the people element top of mind by investing in engagement activities for both internal and external customers.
	VALUE MANAGEMENT Maintain focus on key performance indicators even after the initial implementation and course-correct as necessary.

Centers of Excellence Provide Program Structure and Oversight

Building out a thorough plan is essential for any digital transformation program's success. Organizations that achieve sustainable results, though, are intentional about the planning and execution phases. These businesses often establish a center of excellence (COE), a cross-functional team responsible for overseeing the project, establishing clear governance, driving quality design, optimizing service delivery and enabling efficient resource utilization.

There are four sets of distinct capabilities that are common to most COE entities. Different organizations may emphasize some over the others, but every COE should be relatively balanced across the four sets of capabilities: program governance, business architecture, technology architecture and program delivery.

Despite the clear value proposition of COEs, many leaders have negative misconceptions

about them. They believe that the establishment of such a team will add cost and layers of bureaucracy to a digital transformation project. These concerns, however, are unfounded.

Much of the work undertaken by COEs is likely already occurring within a program that is underway, even if a formal team has not been established. Yet in many cases, roles and accountabilities are unclear, resulting in inefficiencies, conflicts and misunderstandings. These inefficiencies add time and costs while breeding employee frustration and dissatisfaction. The structure and discipline inherent in COEs should actually streamline processes rather than adding unnecessary tasks.

Data Insights Enable Intelligent Decision Making

Increasingly, companies are looking to gain more [value from their growing volumes of data](#), creating business insights that might ultimately allow them to modernize systems, improve business performance and deliver a more streamlined customer experience. All organizations undergoing a digital transformation initiative must cleanse data and integrate data sources to optimize their intelligence capabilities and provide the critical insights that enable transformation.

Business intelligence is created at the intersection of data extraction, analytics, computation and visualization. But successful data utilization also requires all these components to operate together seamlessly to produce actionable insights for business leaders. This requires intentional focus on collecting the right data, transforming it through analytics and using it intentionally to aid decision making.

When organizations invest in the creation and deployment of accurate, timely data insights related to real-world challenges, they empower clearheaded leadership and the ability to take intelligent risks to grow the business.

A Focus on Engagement Ensures Adoption

The value of digital transformation is lost without sustainable enterprisewide adoption.

A significant percentage of the change associated with a digital transformation will affect real people, whether employees or customers. Thus, that technology should be designed and built to be user-friendly, intuitive and helpful to those who will engage with it. To get this right, the human tasks that are slated to be automated must be fully understood before adding technology into the mix. Proactively seeking to understand how different business functions work together to accomplish tasks is key here.

The value of digital transformation is lost without sustainable enterprisewide adoption.

These programs require a significant investment in organizational change management to help employees adapt to new processes, systems and even job responsibilities. Involve key stakeholders and end users from the beginning to help them understand the role they play in the program's success. At the same time, an enterprisewide focus on individual accountability is also important.

In order to support employees and ensure they have the knowledge and skills to adapt to changes in their daily work, development programs should also be deployed. Training and communication with users should also highlight the benefits of the transformation to help drive adoption.

For external- and customer-facing digital transformations, engagement is also key. [Digital service delivery](#) is not an excuse to offer customers a limited range of options. On the contrary, automated processes give businesses the opportunity to go beyond traditional approaches to personalize and improve these interactions.

Ongoing Transformation Value Analysis Maintains Momentum

To realize [value from a digital transformation investment](#), teams must develop their strategies with the ideal end state in mind and continue to focus on established key performance indicators (KPIs) as the program matures. Programs that include a regular cadence of KPI review have the greatest chance of realizing intended benefits over the long term.

When the program meets or exceeds its goals, successful teams know that recognition and celebration help to perpetuate positive outcomes. Perhaps even more critically, when KPIs fall short, these teams make real-time improvements or introduce innovations to course-correct and achieve the expected results.

Many successful businesses assign a value realization manager who is responsible for maintaining focus on the KPIs but not for performance against them. The KPIs themselves, as well as their performance, should be owned by appropriate business stakeholders.

Digital transformation has become an urgent imperative for the vast majority of organizations and leaders due, in large part, to economic challenges exacerbated by the global pandemic. It can be difficult for these programs to gain traction and maintain momentum without constant attention and clear oversight. Investing

time and resources into these four focus areas can help to provide the structure and discipline required to execute efficiently and sustain improvements over the long term.

The real goal of digital transformation is not just to harvest a plethora of data or automate outdated processes; it's about realizing the organizational agility that can be developed by the effective use of those capabilities. Agility is tantamount to success for organizations in today's economy. That is why it is so critical to ensure ongoing focus and support for digital transformation efforts.

Agility is tantamount to success for organizations in today's economy. That is why it is so critical to ensure ongoing focus and support for digital transformation efforts.



huronconsultinggroup.com

© 2022 Huron Consulting Group Inc. and affiliates. Huron is a global consultancy and not a CPA firm, and does not provide attest services, audits, or other engagements in accordance with standards established by the AICPA or auditing standards promulgated by the Public Company Accounting Oversight Board ("PCAOB"). Huron is not a law firm; it does not offer, and is not authorized to provide, legal advice or counseling in any jurisdiction.
20-1975