Point of View

Five Elements of a Business-led Digital Transformation

Abstract

Now more than ever, companies are looking to optimize returns on their investments in digital. For this, it is critical not just to align technology with investment goals but also chart out a strategic roadmap to continuous transformation. Armed with intelligent, agile, and automated solutions built on cloud, leading companies can realign ecosystems amid disruptions and adopt new business models for constant innovation and growth at speed.

This process of continuous transformation needs to be focused on business value and not just on adoption of new technologies. This journey needs to be packaged with a design thinking approach, proven value mapping with industry benchmarks, business change enablement for accelerated time-to-market, and next-gen operations for enterprise intelligence. For sustainable digital transformation, these requirements should translate into five essential actions:

- Design agile-ready business strategy

- Map value opportunities to realization

- Digitally empower the human experience

- Build the digital core for industry and business

- Create a future-ready business

Enterprise Digital Transformation Imperative

Introduction

Digital transformation continues to be the front and center of business success stories. Companies across industries and geographies are exploring opportunities to translate this technology advantage into business gains. However, not all stories have a happy ending. Of the $1.3 trillion spent on digital transformation in 2018, about $900 billion was wasted on initiatives that did not meet their goals[1] – a success rate of 30%.

The problem lies in integrating the digital technology into all areas of businesses to deliver better customer value. Most business leaders recognize the need for enterprise-wide transformation, and at an accelerated pace[2]. However, comprehensive change and pace do not always achieve necessary results.

Enterprises need to adapt and innovate to survive in these times of societal, economic, and technology disruptions that are upending the market landscapes. The pressure to increase growth, profit, and innovation is mounting. However, many enterprises are not able to adapt because their critical business processes are not modernized, and they operate in a complex environment with multiple siloed cloud and on-premise applications.

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1. *https://hbr.org/2019/03/digital-transformation-is-not-about-technology*
2. *93% of companies consider innovative technologies as necessary to reach their digital transformation goals, and 76% of companies are investing in emerging technologies.*

Underpinning the need to adapt and be resilient is the challenge of ensuring where people, processes, technology, and data are structured to operate in today's dynamic marketplace. Resources need to evolve from managing business operations to applying technology to support manual efforts along with tasks that are beyond human capabilities, such as advanced computation or helping with informed decisions based on real-time information and predictive analytics. When technology steps in, employees can focus on being human and focus on being creative and innovative to generate greater value.

These drivers add urgency to investing in digital transformation with intelligent, automated, agile, and cloud-based solutions.

Five elements for assured business value

To realign ecosystems amid disruptions and adopt new business models for continuous innovation and growth at speed, enterprises must focus on business value, not on digital capabilities alone. To stay aligned to the business strategy and ensure a successful outcome, this journey needs to be packaged with a design thinking approach, proven value mapping with industry benchmarks, business change enablement for accelerated time-to-market with pre-configured solutions, and next-gen operations for enterprise intelligence. These translate into five essential elements for sustainable digital transformation:

- **Design agile-ready business strategy:** Right at the beginning, it is helpful to engage in design thinking workshops to gain a holistic view, instead of myopic views, of problems. Design thinking helps identify strengths, weaknesses, opportunities, and threats. Typically, these workshops offer a guided innovation process, from discovery to definition and refinement to delivery phases of innovation. This enables enterprises to visualize an agile business transformation to support business goals and have the foresight to mitigate against the unknown.

- **Map value opportunities to realization:** Once the business transformation is defined, enterprises must identify, quantify, and justify the critical needs and benefits of embarking on this journey. Leveraging analysis of industry trends, benchmarks, and other strategic insights, up to billions of dollars in value opportunities are articulated through robust business cases mapped to an organization's DNA and finally measured, tracked, and reported with value management.

- **Digitally empower the human experience:** Change can be unsettling to employees, ecosystem, and even customers. A business transformation can also be undermined by the internal complexity of an organization. The importance of Organizational Change Management (OCM) cannot be overstated. Following OCM helps employees adapt, embrace, and benefit from the new digital capabilities by making them collaborative stakeholders and beneficiaries of the new structure. This will then cascade to customers and broader business partners. When delivered well, an enterprise digital transformation unlocks multiple opportunities for sustained innovation.

- **Build the digital core for industry and business:** Pre-configured industry and business solutions can accelerate digital transformation efforts by as much as 25%. Most processes are similar across industries and provide a consistent experience for customers. By restructuring around common processes, an enterprise can build a digital core quickly and minimize impact to the business. What's more, dedicated time can be used towards driving competitive advantage on processes that deliver unique value to customers.

- **Create a future-ready business:** Building an agile business with the advantages of intelligence and automation helps adapt business models and operations based on unforeseen threats and opportunities. Once there is a digital core, enterprises can easily redefine business processes to benefit from digital technologies such as conversational UX, cognitive and robotic process automation, IoT, advanced analytics and dashboards. It can be done in iterative sprints to achieve quick wins.

Putting Best Practices Into Action

Here is an example of how a business-first transformation approach delivered perpetual opportunities. A global manufacturer rapidly expanded its market share through a series of merger and acquisition activities. The investments, however, did not lead to immediate business gains. A disparate set of processes and 11 legacy systems meant not just inconsistent customer experience, but also inefficiencies in financial reporting and suboptimal plant maintenance. The company launched an ambitious transformation plan that would enable their growth plans over the next 3 to 5 years. Instead of a technology-led, reactive approach, it decided on a proactive plan for a business-led transformation.

Beginning with a series of design thinking sessions, the manufacturer identified key industry compliance and traceability requirements. Next, they reviewed the value opportunities. This helped develop the business case, lead the ERP vendor selection, as well as build a transformation management office.

To ensure buy-in and adoption, the end-to-end solution heavily leveraged a change management approach across 28 locations in four countries, in three languages, and was delivered in 27 months.

These efforts led to a perpetual business transformation model which added significant value to the customer experience, increased sales margins, and:

- Generated a $20+ million year-on-year operational savings in addition to achieving $18.5+ million one-time inventory reductions

- Optimized finance and technology costs by 43%

- Enhanced manufacturing productivity, saving $7+ million annually

- Improved pricing efficiency and increased sales margins by an additional 6% to 8%

- Optimized direct and indirect spend by 12 to 15%

In this example, the solution provided an integrated, prescriptive approach to deliver business value and enabled innovation, strategic insights, OCM, ERP transformation enabled by pre-configured industry solution, and operational excellence with perpetual transformation.

C-suite cornerstone

Digital transformation enables the enterprise and success requires that value is delivered to all functions and stakeholders across the company. As such, the C-suite is aware of the need to transform business models, the ways of working, and the customer value delivered. To action these, they need to get everyone in the enterprise on the same page. Figure 1 summarizes the objectives of the business leaders across the functions.

CEO	CFO	COO	CMO	CHRO	CIO
CEOs must create exponential value for the stakeholders and demonstrate growth.	CFOs must create a data and insights-driven organization to improve decision making and enable more strategic endeavors.	COOs must leverage the ecosystem and innovate supply chains to drive efficiency and enable more visibility and resiliency.	CMOs must improve customer experience by leveraging data and advanced technology to drive customer intimacy.	CHROs must anticipate the talent capabilities required to drive the future of work and employee experience.	CIOs must reimagine the operating model by leveraging the best technologies with a flexible yet structured framework to capitalize on innovations.

Figure 1: For successful digital transformation objectives of executive leadership must be aligned

Each business function has specific roles and needs. While they might be operating in silos they are interconnected to support end-to-end customer experience and focus on proactive business models. When embarking on a digital transformation, enterprises need to understand their business needs across functional organizations such as finance, supply chain, HR, and marketing, as well as within the specific nuances of the industry. Then, these should be prioritized by the value they bring to the end-state.

To accomplish transformation in its true sense, an organization will face disruption, and the leaders must reinforce the shift and re-address priorities. Following the journey with the business in mind will help accelerate the journey and encourage adoption along the way. It will also free employees and business leaders to focus on continual innovation and growth. Through engagement with stakeholders and across all teams, sustainable change will be enabled to deliver the anticipated outcomes.

TCS Enteprise Navigator™ provides a business-led framework that maps business strategy, human experience, and industry alignment on a proven course toward quick wins and long term successes. These rapid deployments toward technology-driven excellence constantly focus on business value as the enterprise innovates to achieve purpose, adaptability, and resilience.

References

1. **TCS Crystallus™:** Transform more seamlessly and quickly through TCS' pre-configured industry and business solutions

2. **TCS PACE™:** Bring your business strategy to life visually with design thinking

3. **Strategic Insight and Value Realization:** Build your business case and roadmap towards value

4. **Change 4.0:** Engage stakeholders and all employees with the tools and methodologies to embrace sustainable change through Change 4.0

5. **Next-generation ERP Operations for Intelligent Enterprise:** Enable business for the future with automation and intelligence

Path to Accelerated Growth

Successful digital transformations are business-driven and achieve tangible benefits at an accelerated pace. They create a culture within the organization that enables the company to evaluate rapidly unpredictable demands and innovate in a structured and sustainable manner. Instead of focusing only on digital transformations, successful executives align their strategy with a perpetual transformation journey to drive continuous business value.

About The Authors

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Akhilesh helps TCS' global customers achieve rapid value from their business applications investments. He oversees the strategy and growth of the organization's global application portfolio—ranging from long-standing enterprise application vendors, such as SAP, Oracle and Salesforce, to best-of-breed applications focused on specific business needs and/or industries.

Akhilesh and his team of business and technology consultants focus on designing and delivering technology solutions that harness the optimal digital capabilities to create new business models and to fuel opportunities with customer experience, finance and HR transformations and strategic IT initiatives.

With over 25 years of international and multi-faceted leadership experience, Akhilesh focuses on identifying strategic opportunities to truly build and grow businesses. Under his leadership, the practice has received a number of partner awards and leadership rankings from leading industry analysts.

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Dave leads a team focused on the strategic journey of leading enterprises as they transform and grow their businesses. He provides strategic guidance to clients navigating disruptive technologies and enables enterprises on their path to Business 4.0™ success. Dave partners with C-suite leaders on business and technology strategies in areas such as M&A, supply chain, finance transformation and customer experience, while driving agility across these enterprises. He helps clients leverage digital technologies to create and implement new business models, as well as launch new products and services to support these new models.

Dave has over 25 years of experience as a strategic advisor to global companies. Prior to TCS, Dave has held leadership roles and extensive experience with other consulting organizations such as Accenture, PwC/IBM, CSC and Booz-Allen & Hamilton. Dave currently resides in the Washington D.C. metro area with wife Barbara and has two daughters Jenny and Katie. Outside of work, Dave will be found on the tennis courts and boardrooms of various education reform initiatives.

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About Tata Consultancy Services

Tata Consultancy Services is an IT services, consulting and business solutions organisation that has been partnering with many of the world's largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location Independent Agile™ delivery model, recognised as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 488,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US $22.2 billion in the fiscal year ended March 31, 2021, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit **www.tcs.com** and follow TCS news at @TCS_News.

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