Grant Thornton

A dynamic foundation for digital transformation

Transformation must become fast, flexible and iterative

Last year, the pace of digital transformation accelerated faster than anyone anticipated.

The acceleration wasn't driven by a surge in corporate initiatives or a wave of software releases, but rather by a wide range of factors that sparked an explosion of new employee and customer demands. These demands have turned the table on transformation, outpacing enterprise-wide initiatives and forcing organizations to quickly implement third-party solutions, revise business models and rethink digital experiences.

Organizations have had to switch from gradually envisioning digital transformation to an all-out race to respond.

Digital transformation can no longer be left only to large deployments that push toward distant goals. Such efforts can still be important to address some enterprise-wide issues, but organizations also need the ready connectivity and flexibility of smaller cloud-based services and solutions that can return faster value for a lower and more consistent cost. "Future-ready technology platforms and adoption will be the enabler for the pace and magnitude with which organizations must unlock value and drive efficiencies," said Grant Thornton Advisory Services Managing Director Mike Hennessey.

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Organizations need dynamic digital transformation that solves problems with iterative solutions along the way to building a more responsive, value-driven infrastructure. To succeed, an organization must identify its challenges, set transformation goals, establish an iterative approach and form a dynamic infrastructure that drives value.
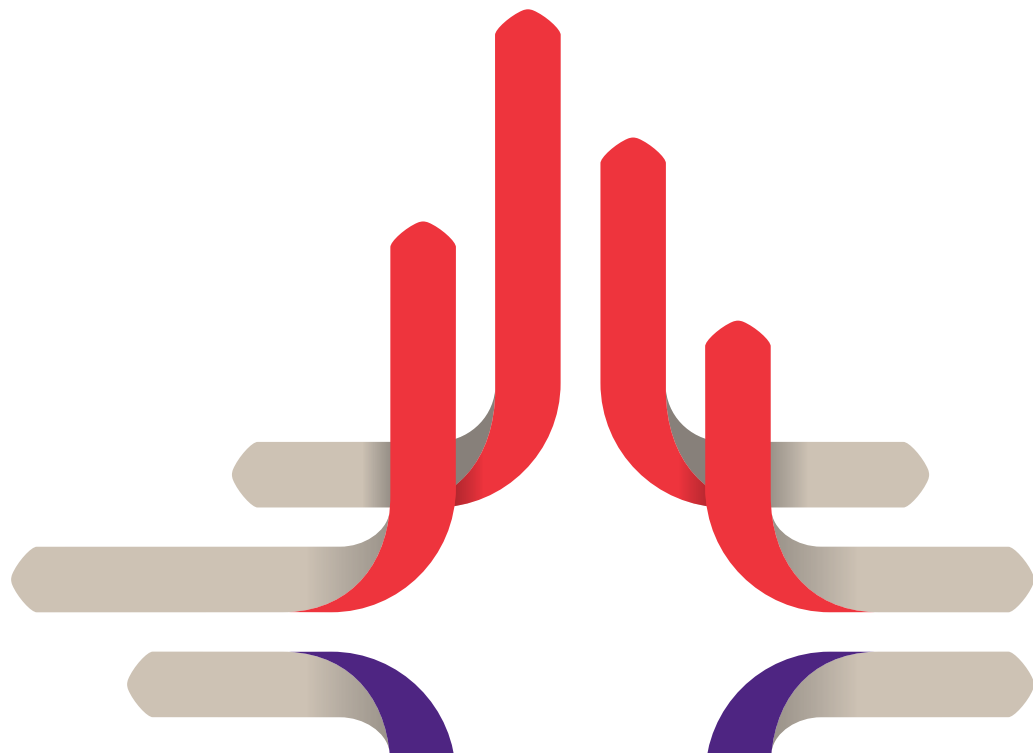
Identify challenges

Recent market shifts, cost-cutting measures, staff reductions and other pressures have left many organizations with new challenges amid the issues they were already facing. Most organizations can find transformation needs across business functions by looking for:

- **Ineffective customer and employee interactions**
  Customer interactions are increasingly digital. As customers are raising their expectations for these interactions, they are lowering their tolerance for delays. Transformation is essential to meeting new needs and expectations today, while building the agility to meet tomorrow's needs and expectations when they arise.

  At the same time, organizations are recognizing the importance of employee experiences – and remote-ready infrastructures to enable multidevice access for both customers and employees. "The social and behavioral dynamics for how people engage with the world have been fundamentally disrupted. As a result, customer, employee and third-party partner expectations have all changed," said Grant Thornton Advisory Services Principal David Koppy.

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>
> **David Koppy, Principal, Advisory Services**

- **Burdensome costs and repeated delays**
  Outdated internal or third-party systems can generate burdensome ongoing costs that are hidden within other expenses. When systems are not sufficiently streamlined, they can also cause overall delays or repeated delays at critical times.

- **Inefficient manual processes and human error**
  Unwarranted costs are often related to inefficient manual processes. These processes are expensive in terms of time and the risk of human error. Recent capacity reductions have exacerbated process issues for many organizations, as they were forced to cover process gaps. When an organization's reconfigured data and processes do not flow together consistently, the resulting inconsistency can have a negative impact on both internal efficiency and external customer interactions.

- **Poor visibility**
  When processes are manual, they are also hard to track. Errors can be difficult to catch, and often data does not effectively feed into business analysis or forecasting systems.
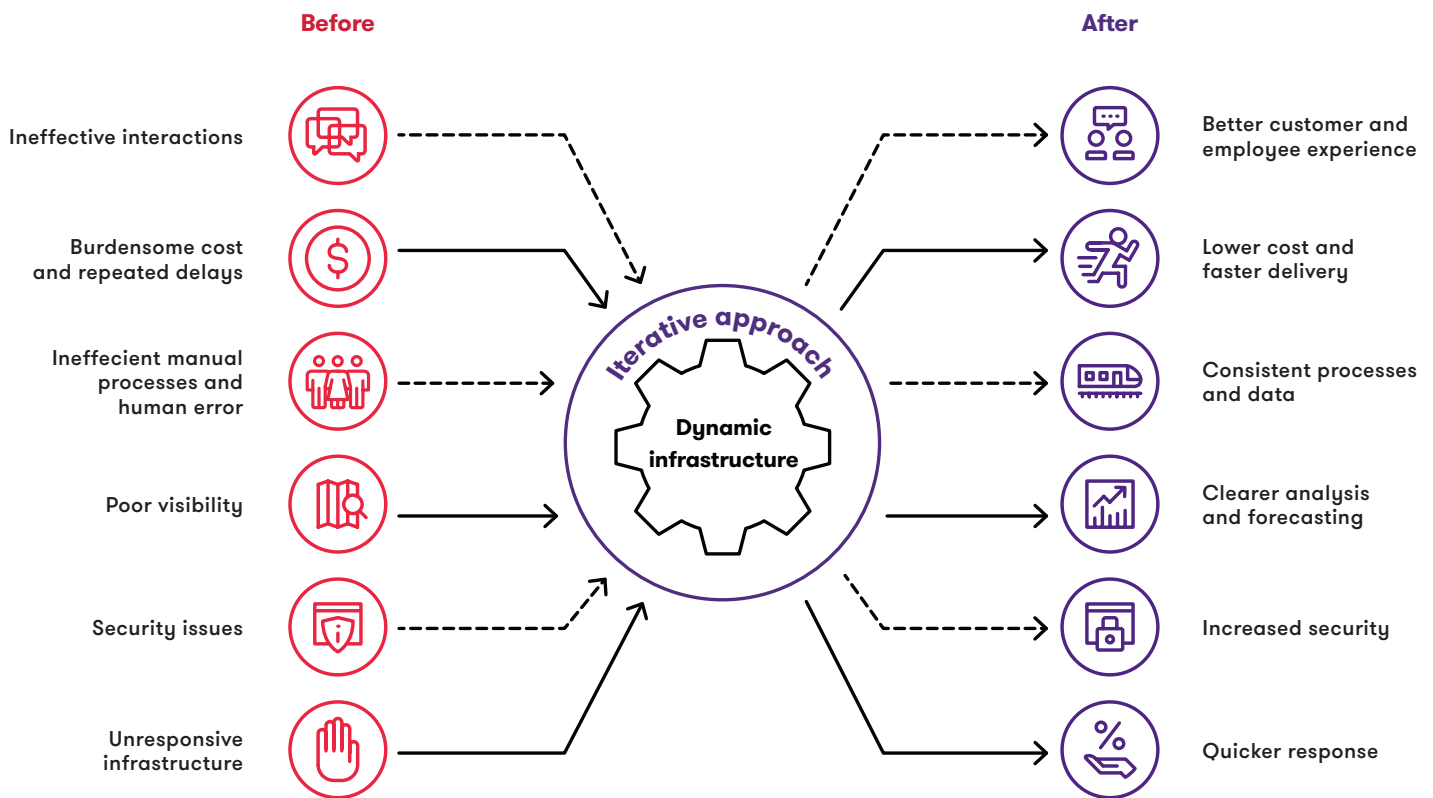
- **Security issues**
  Security is a concern for both corporate and customer data. As privacy regulations and security concerns continue to rise, inefficient processes can jeopardize an organization's efficiency, security and privacy assurance.

- **Unresponsive infrastructure**
  An organization's infrastructure plays a core role in resolving all of these issues. And yet, when many organizations consider how their infrastructure can empower solutions, they find restrictions and barriers.

Dynamic transformation addresses these challenges head-on, with solutions that help form a dynamic infrastructure and drive faster returns.

A dynamic infrastructure addresses challenges

Before

After

Ineffective interactions

Burdensome cost and repeated delays

Ineffecient manual processes and human error

Poor visibility

Security issues

Unresponsive infrastructure

Iterative approach

Dynamic infrastructure

Better customer and employee experience

Lower cost and faster delivery

Consistent processes and data

Clearer analysis and forecasting

Increased security

Quicker response

*For real-life illustrations, see our Appendix

The smart approach to intelligent automation outlines how small solutions can deliver both hard and soft benefits that extend beyond the main goal to also help advance the organization's overall transformation. Increasingly, organizations are recognizing that small technology solutions can have a big impact.

But the key to success is to focus on your goals and approach before selecting tools. Tool selection is a critical part of transformation, but it can also interfere with overall direction. Often, organizations approach transformation as an effort to implement new technologies and solutions. Corporate boards and other leaders may look for opportunities to employ technology but fail to address the most pressing problems. While tool exploration can help to develop your organization's knowledge base, dynamic transformation is primarily focused on solving challenges.

To solve your challenges efficiently and effectively, you need to establish measurable transformation goals in key areas, then establish the iterative approach that will form the best solution.

A dynamic infrastructure forms the core of your transformation
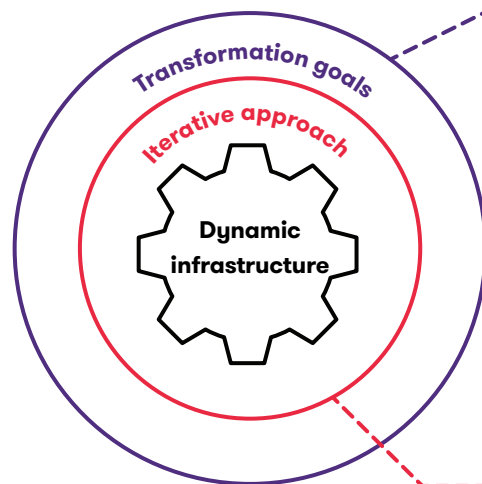
Transformation goals
- Better customer experience
- Better employee experience
- Lower cost and faster delivery
- Consistent processes and data
- Clearer analysis and forecasting
- Increased security
- Quicker response

Iterative approach
- Executive and stakeholder alignment
- Agile methodology
- Interactive value delivery
- Steady return on investment
- Effective change management
- Ongoing evaluation

Set transformation goals

As you think about the challenges that a solution will address, and the value it can return, set the specific goals you want to achieve for key areas.

While there may be many ways to approach and resolve individual challenges, effective transformation integrates solutions into a dynamic infrastructure that also aligns with overall goals and existing transformational initiatives. Organizations with a transformation management office or plan should have clear guidance on their long-term transformational efforts and their goals. Smaller organizations need to be aware of other leading initiatives and long-term goals for modernization and innovation.

When evaluating your organization's overall goals and your current initiative's goals for each area, consider the performance metrics that your organization tracks for itself and competitors. Look at how and when your solution can be accountable to improve those metrics.

Better customer experiences
In many sectors, customers increasingly engage and depend upon digital interactions – so these interactions largely define the organization and its products. That's why a growing number of transformations are aimed at improving digital customer experiences either directly or indirectly. For an example, see our case study in the Appendix: Presenting a better brand.

Better employee experiences
Remote work and other workplace trends mean employees need much of the same cloud-based connectivity that customers are demanding. "Organizations need to keep pace with rapidly changing expectations and gradually harden their offerings, capabilities and ways of working in order to drive sustained value creation," Koppy said.

As organizations consider any digital transformation – especially a small initiative – it's easy to forget the importance of the impact on the overall employee experience. But tools are only effective when they're used effectively, and solutions do not ultimately transform organizations – people do.

Lower costs and faster delivery
The most effective transformation helps realign people with value-added work, while also streamlining processes and improving data consistency. These process and data improvements can be a key to reducing costs and accelerating delivery. Consider how new solutions can support these goals. Any new solution has an impact on processes – even if unanticipated – so it's important to be intentional and clear about the impacts that your solution should have.
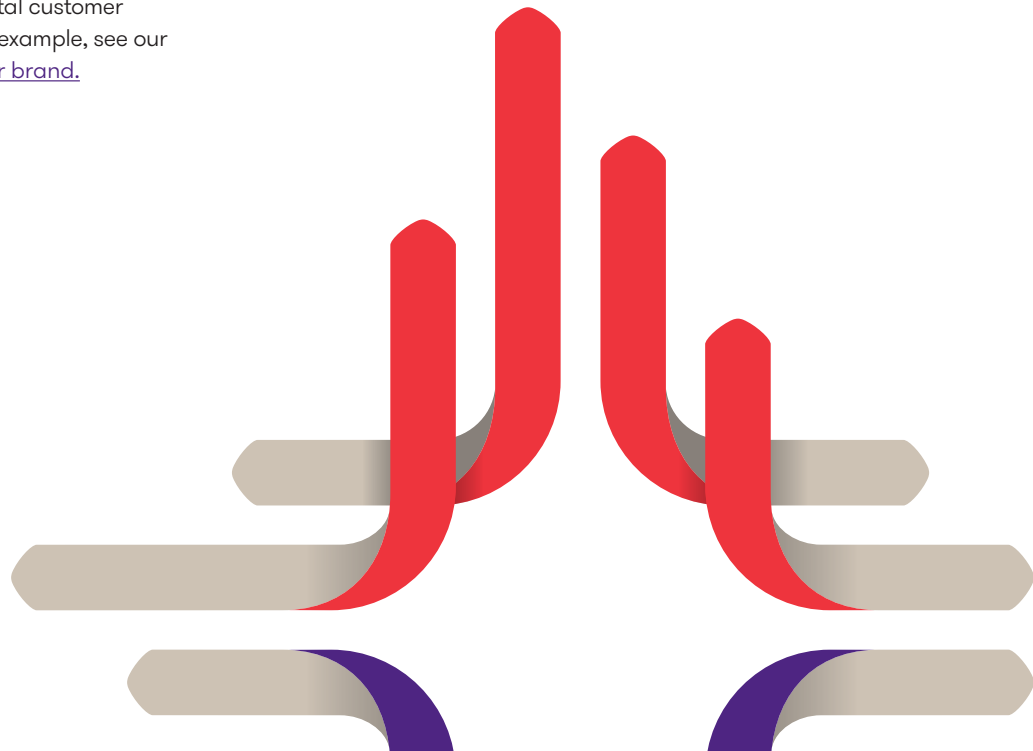
It's easy for small or isolated initiatives to unintentionally create divergent processes or data storage silos that serve the solution but work against larger, long-term alignment. This is a risk you must constantly monitor and prevent.

It's also essential to align any process and data changes with your organization's overall goals. It's easy for small or isolated initiatives to unintentionally create divergent processes or data storage silos that serve the solution but work against larger, long-term alignment. This is a risk you must constantly monitor and prevent.

Clearer analysis and forecasting

Consistent processes and data feed into effective analysis and forecasting. And effective forecasting can make the difference between success and failure, especially when organizations face complex external factors in competitive markets. "As our ways of working continue to evolve, greater visibility, transparency and flexibility will be imperative," Hennessey said.

While organizations cannot always afford to realign their data with one enterprise-wide effort, there are affordable approaches that can clarify analysis while helping to form a dynamic infrastructure that drives long-term goals. For an example, see our case study in the Appendix: Finding clearer forecasts.

Increased security

Organizations must analyze any digital transformation for the new risks it could introduce, so that the organization can ensure security and data privacy. But even when organizations aren't deploying new solutions, evolving threats and new regulations mean that they must maintain ongoing risk evaluations. When external factors or internal change create new exposures in an organization's infrastructure, focused transformation can help to quickly address specific concerns.

Better agility

To effectively offer new experiences, maintain efficiencies and manage risks at the pace of today's changing technology landscape, an organization must be designed for agility at its very core. Beyond quickly producing a single solution, effective transformation must integrate new solutions and capabilities into a dynamic infrastructure that drives overall transformation and accelerates future responses.

"In today's world, the need to move fast can determine an organization's ability to execute on its strategy. With aging technology infrastructures, slow-moving cultures and the lack of ability to measure success, many organizations must rethink how business is done," said Grant Thornton Advisory Services Partner Tony Dinola.

With a comprehensive understanding of your transformation's challenges, goals and long-term alignment, you can plan an iterative approach.

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Plan an iterative approach

To ensure that your transformation can demonstrate real returns early on, and adapt as lessons are learned along the way, it is important to plan work in iterations. An iterative approach will help your transformation move quickly along a roadmap that delivers ongoing value. That lets you demonstrate clear benefits on schedule at the end of each iteration.

If a project's scope expands, its risks, costs and timelines will expand as well – and its benefits can become harder to clearly discern. Keep in mind that an early failure can jeopardize the future of this and other transformations. So, start with a minimum viable product that can give you early wins and generate momentum among executives, stakeholders and business teams.

Executive and stakeholder alignment

Even when your initiative is smaller than a complete enterprise-wide implementation, it's still important to ensure that executive leaders and key stakeholders are aligned and committed to the right goals and expectations.

In fact, executives and stakeholders might keep a closer eye on the project since it has promised a shorter timeline to returns. To ensure everyone's alignment up front, it's often effective to conduct a workshop in which key stakeholders review the potential transformation use cases and determine what can feasibly be accomplished. These workshops can help everyone focus on and understand the project's value to your organization, which improves the project's support and its chances of meeting expectations.

When discussing transformation with your organization's leaders, ensure that they are aligned on the overall importance of transformation and innovation.

A stakeholder workshop can help ensure alignment

Identify and define use cases	Conduct preliminary data evaluation	Present findings and recommendations
Document use cases	Receive sample data	Host review with key stakeholders and leadership
Review business objectives, functional models and data sources	Analyze available data to determine if it's sufficient to support use cases: type, structure, volume and quality	Summarize observations and how data supports use cases
Draft hypothetical models	Conceptualize potential models	Discuss data science approach(es)
Evaluate indicative solution architectures	Identify potential risks and/or barriers	Review success factors and risks
Determine operationalization implications		Discuss proposed use case modifications based upon data constraints, as needed
		Align on next steps and timeline

Agile methodology

An agile project methodology is a natural fit for dynamic transformations that seek iterative value delivery. Each iteration can, for example, address a limited part of the overall process or a limited part of the transformation's ultimate audience. By demonstrating these initial successes, you can show real value to the organization and help grow support for ongoing work. When you plan a roadmap up front, stakeholders know what to expect and can see how each iteration's success aligns with the final goal.

An agile methodology not only enables iterative development with quick value delivery, but it can also help provide transparency and scalability that makes a solution easier to repeat, scale or standardize across the organization. In fact, it's worth considering how your transformation could help enable future initiatives that address other problems or expand the scale of your solution.

Effective change management

Any transformation can involve multiple teams and business functions, which means that organizations need to be diligent about clear change management responsibilities and expectations. The goals of change management can often include an evolution in customer experiences, employee experiences and other shifts that can be difficult to drive and measure. That, together with the clear demand for value delivery, means that a dynamic transformation can put pressure on the success of change management.

With shorter schedules and distinct goals, the change management effort will need to ensure that it is clearly communicating expectations and progress to users, stakeholders and leaders at a quicker cadence than it would for more traditional long-term initiatives.

Steady return on investment

A clear and effective return on investment (ROI) is critical to any transformation, but it's especially scrutinized during a dynamic digital transformation. In fact, the potential for relatively quick ROI might be the only reason that organizations consider smaller solutions while leaving larger initiatives on the table during turbulent times.

Many technology initiatives struggle to quantify their progress and success. But, with clear metrics and measures built into every goal, a project methodology roadmap and an active change management program, your transformation has the right foundation for effective evaluations. Evaluations must provide a status for change management communications, but they must also yield tangible guidance to inform the next iteration of development.

The other defining difference in a dynamic transformation is the comparatively short timeline for results. As you establish executive and stakeholder alignment on your goals, you also need to clearly establish the expected metrics and timeline for returns.

Ongoing evaluation and communication that demonstrate success are essential to the promise of your transformation, and to maintaining leader and stakeholder trust for similar efforts in the future.

The effort to track and measure your goals feeds into your communication, change management, measurement and adaptation along the way to success. With each goal, it is important to understand what metrics you can measure and what milestones your transformation should be accountable to achieve. Dynamic digital transformation is about delivering value on schedule.

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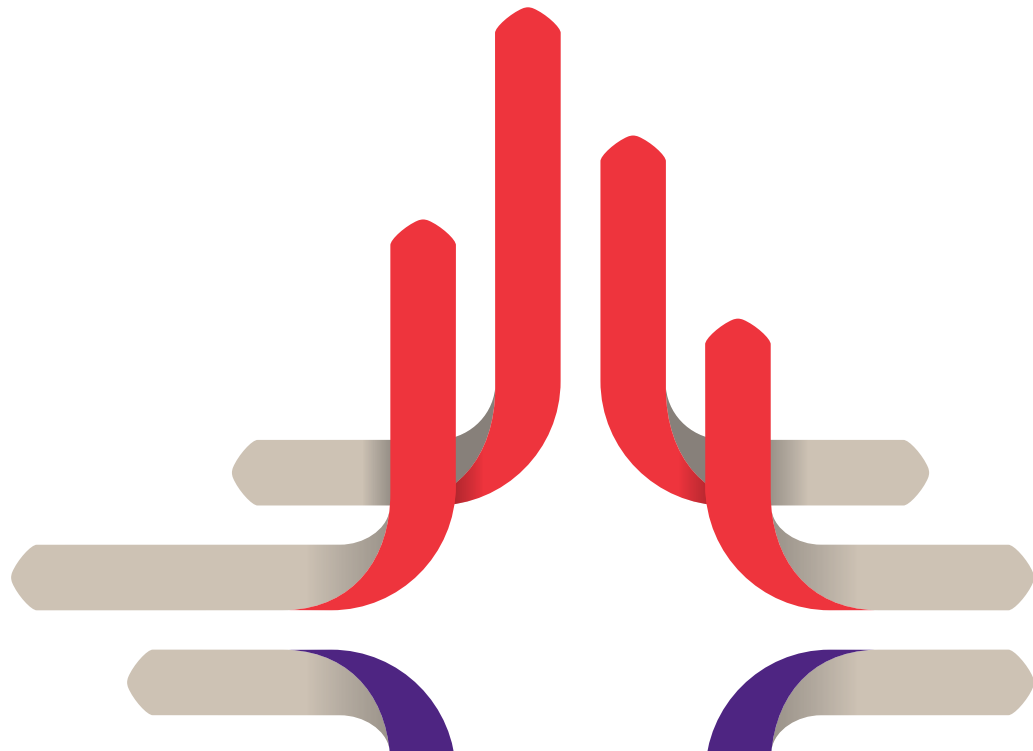
Expand on success

Dynamic digital transformation promises results. That promise can put pressure on the transformation project, but it can also call attention to its proven success in the end. And ultimately, it helps pave the path for a responsive infrastructure that your organization will need.

"Technology is no longer just an enabling capability; it is the core infrastructure to maintain and acquire customers and establish relevance in the market," Dinola said.

By establishing a proven success, you effectively create a model that others may seek to replicate, scale or otherwise share throughout the enterprise. It's a model that addresses problems directly, yet still advances larger transformational goals for the organization.

Then, by integrating iterative solutions with your overall transformational goals, you are forming a dynamic infrastructure that can drive new solutions in the future. With a proven model as part of your infrastructure, you can help fundamentally align the way your organization views, funds, executes and adopts transformation overall.

Over time, these successes are proven to build a dynamic infrastructure that meets the accelerating pace of evolving needs.

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Appendix: Case studies

Presenting a better brand

Challenge
A global shipping and logistics leader identified that it needed to drive more consistent and authentic messaging across customer-facing communications. The company's consumer website, online pressroom and central brand resources for advertisements and other external communications demonstrated a range of styles with disconnected customer journeys. Paths to purchase were not integrated, and visual elements creating a varied and inconsistent customer experience across various digital platforms.

Solution
Grant Thornton helped the company use customer data and analytics to roadmap and prioritize end-to-end measurement across customer channels, creating a single view of the customer experience. Then, the team prioritized campaigns based on data, channel definitions and customer behavior. With simplified workflows, the company's campaigns across multiple channels resulted in greater efficiency, scalability and agility. Cross-channel personalization and dynamic content resulted in improved operational efficiency, engagement and conversions.

A messaging transformation

Before:
Siloed channels

After:
Holistic, customer-centric channels

E-mail
- Email-specific planning and journeys
- Siloed creative and production teams

Web
- Web-specific planning and journeys
- Siloed creative and production teams

App
- App-specific planning and journeys
- Siloed creative and production teams

E-mail   **Web**   **App**
- Single vision of customer experience/journeys across digital channels
- Multi-channel campaign and capability prioritization and planning
- Creative teams centered around holistic customer journey across channels
- Shared production resources across channels to drive efficiency and scalability
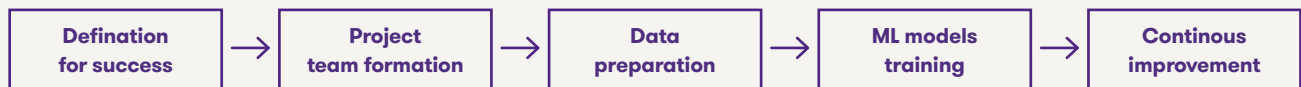
Finding clearer forecasts

Challenge
A global fintech payment solutions company was experiencing issues with its forecasting process. Its process was a monthly bottom-up approach that was becoming obsolete due to competitive growth in the industry, unclear external business drivers and manual processes that introduced unwanted bias.

Solution
Grant Thornton helped the company use machine learning (ML) to improve its forecasting process in a focused way. Rather than investing in a more capital-intensive ML solution, the team built and deployed a prototype. The prototype provided models to forecast revenue, gross margin and EBITDA. As a result, the company reduced the variance in forecasts versus actuals to less than 2%, from a prior variance of 5-10%. The forecasts now take less than two days and allow the company to test multiple scenarios and drivers with more accurate business insights and early warnings about what it needed to address. The transformation took a focused iterative approach.

A forecasting transformation

Defination for success	→	Project team formation	→	Data preparation	→	ML models training	→	Continous improvement

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