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DIGITAL TRANSFORMATION
YOUR QUICK GUIDE

Let's take your business
where it needs to be

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WHAT IS DIGITAL TRANSFORMATION?

Digital transformation, also known as DX, has been around since the early days of technology, especially when digital platforms were popularized. Digital transformation integrates and uses digital technologies to make or improve already existing technological processes in companies. This includes culture, ways of work, customer relationships, and operational activities. The MIT Sloan Management Review states, *"digital transformation is better thought of as a continual adaptation to a constantly changing environment"[1]*. Digital transformation begins and ends with how businesses use it holistically. It transcends through sales, marketing, product management, customer service, and other areas of the company.

Digital transformation is not just about creating new types of businesses or creating new units in the company. It's more about being fast and efficient in adapting to a digital-first approach in all aspects of a business, but it doesn't have to be complicated and high-tech like using artificial intelligence or machine learning. Some different paths and strategies can lead to digital transformation.

Consequently, digital transformation is inherently linked to general strategic series of changes in companies that result in the implementation of digital technologies[2]. This makes digital transformation the company-wide

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phenomenon or holistic approach with broad organizational implications, primarily the core of business strategies[3].

Some may get confused defining the difference between digitization and digital transformation. According to Salesforce, digitization is the move from analog to digital, while digital transformation adds value to every customer interaction[4].

Digitization is the known process of translating and transcribing analog information and pieces of data into a digital form. One example of digitization is scanning a photo and storing it on a computer or in a cloud. On the other hand, digital transformation changes the means of how businesses get their things done. Companies embed technologies across all functions to increase efficiency and business agility and create value for internal stakeholders and customers.

HOW CAN BUSINESSES BENEFIT FROM DIGITAL TRANSFORMATION?

One of the visible consequences of the COVID19 is that it will be the "*infusion of data-enabled services into ever more aspects of life*"[5]. This can only mean that we should expect digital transformation to become a much bigger key factor for organizations regardless of the size. Digital transformation for most businesses means that it's synonymous with their company survival.

In today's competition, businesses should proactively find ways to incorporate a holistic culture of adopting digital transformation. With the growing need for faster and more efficient delivery of products and services, businesses of all sizes are highly relying on technology. On top of this, digital transformation can enable businesses to deliver cutting-edge customer experiences and simplify internal key processes [6]. There's no better time than now to use available technological tools and applications related to digital transformation. It might be overwhelming for most companies to understand where DX can be applied or where to start with the implementation.

Digital transformation efforts can significantly benefit firms through faster and efficient access to information, and communication between employees, shareholders, suppliers, and customers. At the same time, digital transformation can potentially be a key for most businesses to expand and reach global markets through reductions in costs related to logistics, transport, legal documentations, and border operations [7].

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Implementing tools and processes in businesses can create an efficient way of communicating. This way, companies can easily relay clear forms of communication to internal and external stakeholders, especially in addressing customers' concerns. Also, implementing a digital-forward workspace and culture can attract top talents, which are becoming important for businesses to stay competitive in their hiring strategies in today's dynamic job market.

WHAT IS THE CURRENT TREND IN DIGITAL TRANSFORMATION?

The global pandemic of 2020 acted as a catalyst for many organizations to adapt to technological changes. Businesses have adopted innovative technologies to benefit their revenue growth, customer relationship, and employee retention rate. Now, companies are investing in technology to comply with these new trends, making digital transformation the centerpiece of operational agility and a driver for innovation. Companies leveraging digital transformation can stay ahead of the curve. In a research done by Accenture, they found that leaders have doubled their efforts on tech investments, and as a result, they're now growing five times faster than in the past three years[8]. Now, what are the top digital transformation trends?

What are the top digital transformation trends?

1. Cloud Technology
With companies shifting their strategies from data centers to cloud services, digital transformation is taking the limelight worldwide. Cloud technology has enabled businesses to access and use data anytime, anywhere. Cloud technology empowers companies to restructure their new ways of working in a remote setup without compromising team collaborations and real-time business operations. Cloud computing also benefits from secure storage of massive amounts of data that can be accessed remotely.

2. Remote Work
Because COVID19 caused severe business disruption in various industries, remote work offered an alternative for businesses to continue their operations. Companies have adopted virtual communication channels like Google Meets, Zoom, Slack, and Teams to enhance the virtual work environment with digital transformation.

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3. Artificial Intelligence (AI) and Machine Learning (ML)

Enabling a computer or machine to mimic the specific skills of the human mind can empower business operations like marketing automation and sales tools. AI has proven to be a valuable time saver when creating personalized content experiences. AI and ML can drive everything from innovative smart products and improving personalized customer experience to change management.

4. Internet of Things (IoT)

Internet of Things (IoT) are devices equipped with sensors that detect, collect, and transmit data over the internet. IoT provides significant value through devices that collect enormous amounts of data coupled with algorithms to process that data. IoT devices are where intangible digital technology meets the physical reality.

### 5. Transparent Privacy Policies

One of the most prominent issues in digital transformation is the security of personal information, including names, home addresses, contact information, bank details, and even behavioral patterns. A well-structured privacy policy gives customers confidence that their data is handled carefully and informs them how they can control their private information.

6. Blockchain technology, NFTs, and the metaverse

A blockchain provides full disclosure of transactions and transparency to those who require it as an immutable ledger or record of electronic transactions. Also, blockchains have been closely associated with cryptocurrencies like Bitcoin, but they're also being used in business operations. The golden era of non-fungible tokens (NFTs) has recently attracted the media globally, where unique digital collectibles like art and in-game items can be bought and traded.

"Companies leveraging digital transformation can stay ahead of the curve."

Quick overview of the digital transformation trends across different sectors
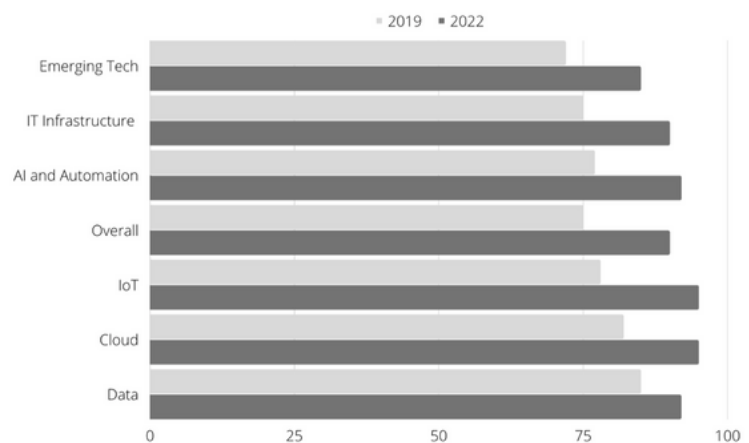
Source: Accenture Research

2019 survey with a total of 8,356 respondents
2022 survey with a total of 4,300 respondents

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WHY IS THERE A NEED FOR DIGITAL TRANSFORMATION?

If done right, companies gain better resource management, more ideal customer experience, and other key business benefits from digital transformation – where the approach should be structured, timely, and done in a holistic approach. When companies adopt digital transformation, they experience the benefit of a reduced time to market [9]. This way, companies can easily quantify the overall timeline and incorporate tools and enhanced company-wide culture to get their products or services to market in less time. For example, consider a tech company that capitalizes on a mobile app for its services and plans to release a new mobile solution to its customers

Conventionally, the company would have to go through a manual and inefficient end-to-end process. However, if the company invests its resources to improve the deployment through digital transformation, it can deliver continuous incremental features and mobile capabilities to its customers faster.

"When companies adopt digital transformation, they experience the benefit of a reduced time to market.

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WHAT METRICS SHOULD COMPANIES CONSIDER IN MEASURING THE SUCCESS RATE OF DIGITAL TRANSFORMATION?

When implementing a company's roadmap to digital transformation, there needs to be key metrics and quantifiable measures to assess the performance and track the progress. Given the scale and complexity of digital transformation, measurement is critical to give confidence that all investments and efforts are paying off. Company leaders should identify the metrics of success to assess digital progress. Here are the metrics to monitor the journey of digital transformation.

Here are the key metrics to monitor journey of digital transformation

1. Successful implementation of new initiatives related to digital transformation

It is crucial that every initiative launched and implemented create value not just for the customers but for internal users of the organization as well. Leaders in companies should be keen on assessing the impact of digital transformation tools, processes, and shift of culture to identify whether the invested time, money, and resources enable companies to capture its benefits. Consequently, not all investments in digital transformation may result in desired outcomes, and for some investments, it might take time to see the positive impact on the company.

2. Top technical talent attracted, promoted and retained

Hiring and retaining exceptional tech talent is one of the critical drivers of long-term success in today's digital age [10]. The creative aspect of digital transformation lies entirely in the workforce. If businesses can utilize human adaptability to upskill their employees, it will benefit the simultaneous co-working relationship between humans and technology. In this case, companies should include in their digital transformation key performance indicators (KPIs) the number of attracted, promoted, and retained talents. Companies can gauge how their tech talents are reacting to the transformations

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being implemented by assessing how their current employees are engaging. Also, companies should have a metric to know if potential recruits are more interested in joining the company because of their investments in digital transformation. And lastly, companies must keep track of how current top tech talents are incentivized by their contributions [11]. Promoting tech talents who commit and add value to the company will enable loyalty and a culture where employees feel valued.

3. Time required to build a digital product or a feature

For some tech companies, time-to-market deployments of new products and features are critical to respond to the needs of the market. Since companies are in the race to keep up with customers' wants and needs, they cannot afford to have delays or overcommit. With digital transformation, companies can benefit from advanced technological tools, processes, and required skills to speed up their deployments while considering quality, efficiency, and collaborative ways of working. The time needed to build a digital product or feature is one of the essential key performance indicators (KPIs) in digital transformation since this will reflect the degree to which all elements of a tech company are seamlessly integrated.

WHY IS THE ROLE OF TECHNOLOGY DEVELOPMENT PARTNERS IMPORTANT FOR DIGITAL TRANSFORMATION?

Business and tech development partners should think out of the box because of the fast-changing innovations. Thinking outside the box can broaden the mind and give a more global view of technology and business. When people are willing to consider alternative views and ways of doing, they'll have various solutions.

Technology is constantly evolving. With every passing day, new software programs emerge, and further implementation strategies become necessary. If a company wants to gain or maintain a competitive advantage in the market, it's vital that it stays technologically relevant.

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Advancing technology can significantly benefit a company by increasing its profit, productivity, security, work culture, and communication with clients. For example, the introduction of advanced computer systems has made managing inventory and payroll records easier. Advanced software provides better tracking of information between departments in the company.

When businesses of all sizes fail to adopt new technologies, they face competition from companies that do. But despite the need to adopt newer technologies, 63% of people feel that technological change is going too slow. The main reason for this seems to be the inability of new technologies to integrate with existing systems, poor training, and habit-oriented individuals. Therefore, tech development partners and CTOs must have a good understanding and deep knowledge of the technology and implementation. This helps using current technologies regardless of whether they have major or minor changes.

Understanding the loops of the business and how the innovation should operate in the company, topped with the employees' know-how, can be regarded as a solid knowledge base.
Using this knowledge correctly can help run the business more efficiently, and integrate the digital transformation, in hopes of decreasing business risks and exploiting opportunities to the full.

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HOW SHOULD COMPANIES APPROACH DIGITAL TRANSFORMATION?

There are two general ways to consider and implement digital transformation: one is to approach digital transformation holistically, and another is to implement it one project at a time. People also perceive digital transformations as a combination of rethinking models bringing in design and ideation. With this mindset, digital transformation happens holistically but in small increments, following lean startup methodology. This results in fast, tolerable failures and, in turn, agile transformation. By agile, digital transformation brings out innovation conversations to develop new technologies and business processes.

Digital transformation greatly benefits the entrepreneurs in their holistic approach to increasing their revenue while reducing production costs. For example, digital transformation improves the way employees work and makes the processes more efficient. Customer-centric transformation enhances customer satisfaction, creates new ways of thinking, and increases flexibility in staffing and roles. Digital transformation may also help you optimize costs, mitigate risks through more consistent processes and verifications, and streamline business processes, strategic investment, and revenue growth.

Generally, digital technologies unlock great possibilities for companies to prosper, but at the end of the day, if people lack the right mindset to change the current organizational setup, DX simply won't deliver its promises. These key mindsets will lead to a successful holistic approach to digital transformation

1 **Identify the business strategy with tech leaders**

The general business strategy should guide the digital transformation that leaders aim to implement. This is not just about integrating a specific tool to enhance the business processes but by focusing on established concrete goals beforehand. If companies want to focus on agility and innovation, these areas will define how companies will decide which digital tools, processes, and specific skillset are more fitting. When developing a strategic plan, especially when it comes to digital transformation, a big-picture view of the current and desired future states is needed. The Lean Startup methodology is the right approach to digital change. This method aims to build innovation quickly and iteratively by releasing a minimum viable product (MVP); then, through feedback, MVP continues evolving. Changes should happen incrementally based on customer feedback without too much inward thinking.Organizations often focus on themselves rather than customers or the market and the opportunities present and a fully competitive market view.

There is no single technology has the promising abilities to deliver agility and innovation. The best approach will vary from one business strategy to another.

Digital transformation tech leaders, like Chief Technology Officers (CTO), provide knowledge and years of well-tested experience that companies can benefit from. They can ensure that the digital technologies and strategies of the company are aligned while making sure that risks are mitigated. Some companies offer fractional CTO and technology development partners who can add value and global expertise by working with different companies across multiple sectors. Adding an outsider's perspective to a company brings an objective assessment and recommendation. Generally, technology development partners have been exposed to automated processes with various technologies through their proven work with many client engagements.

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2 **Approach with a lean, agile and innovative mindset**

Digital transformation requires leaders who promote a lean, agile and innovative mindset across the organization. For companies to unlock the full potential of digital transformation, it is imperative that integrating lean into strategic thinking is an essential element. Companies should have a mindset that changes and decisions must be made quickly. In addition, all groups should be able to adapt, iterate and quickly implement. This will ensure that digital transformation helps companies maximize customer value to achieve their business goals.

Successful digital transformation is achievable with a lean, agile, and innovative mindset coupled with collaborative planning in short-duration evaluation cycles and well-executed transformation processes. Approaching digital transformation with this mindset can enable businesses to rapidly introduce new products or services and generate quick validation of product-market fitness. Also, agility presents an opportunity for companies to test the feasibility of ideas faster than traditional ways of business. Furthermore, agility will enable businesses to react swiftly to the continuous changes in market conditions and helps support leaders to focus on innovative decision-making; hence, a key ingredient for a successful holistic approach to digital transformation.

3 **Hire the right leaders in place**

Tackling digital transformation holistically, the right leaders should be present at all levels. Leaders should have the right professional experience, mindset, and commitment to offer initiatives to drive companies to digital transformation efforts. When people in key roles for both senior leaders and those in the transformation-specific roles are more involved in digital transformation, a transformation's success is more likely to happen. From the research done by McKinsey, nearly 70 percent of all respondents say that their organizations' top teams changed during the transformation, especially when new leaders are familiar with digital technologies.

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HOW CAN NUBINARY HELP?

With the changing trends in the business world, it is becoming more and more necessary to embrace business digital transformation. Digital transformation is the way of the future. But, to succeed in this ever-changing environment, you need a partner who understands your business and will help you get there. With NuBinary's Fractional CTO services, we can assist you in bringing digital transformation to your business. We are a team of passionate professionals who are committed to providing solutions that align with your goals.

CONTACT US NOW

Simply message us via https://nubinary.com/work-with-us or visit nubinary.com.

Tell us about your company and we will get back to you as soon as possible.

Let us uncover new insights and opportunities.

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