Delivering on Digital
**How to make
transformation happen**

Change tools
and technology

To make good on a digital- and
data-driven change mandate, you need
a very different set of business and
technology tools. Does your enterprise
have them? How can they get them,
learn how to use them and stay sharp?

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At a fundamental level, bringing the idea of digital transformation to life in any business is a merging of old and new technologies. It's sometimes a tricky balancing act, but it is vital to make this balance work.

Many organisations are looking at hybrid development approaches, as much to help staff make the transition between old and new.

And then there is the wellspring of data that plugging in to digital working unlocks.

In this, the second of a three-part study, we will see how some organisations are tackling these challenges, how they are balancing the need for old and new technologies as well mindsets – and how to harness the power of digital data.

Digital v. legacy

Legacy is an issue for all but the shiniest of start-ups – and for most large organisations with significant legacy environments, transitioning to digital is easier said than done. Many see those existing systems and architectures, some of which are now decades-old, as incompatible with the more open, agile, flexible ways of working required by the digital age.

Nevertheless, overcoming these challenges is key to unlocking the potential of digital – as Zurich's Head of IT Transformation, Daniel Teague, explains.

"We have systems that have been around for 25-30 years, supporting policies that were sold that long ago. Bringing those systems up-to-date so that they are digital-capable is a massive challenge for us," he says. "You see that in the types of products that we are able to sell: they're shaped by the administrative systems they sit upon."

Being Agile and more

It's a common complaint and, in response, many firms are moving to new, cloud-based architectures that offer greater scalability and flexibility. Others are embracing APIs and micro-services in an effort to open up their internal business applications and stimulate innovation.

"The reason we're talking about APIs, microservices, clouds, analytics, etc. is because those are the technologies, the lightweight architectures, that support becoming built for change," says Oracle's Neil Sholay. "How do you build a business that embraces change and plans for it rather than avoids it? It's not about technology. It's about having a culture that is very fast, very agile, and built for change."

One way to introduce speed to your digital transformation journey is by introducing Agile development methodologies. An increasing number of firms are using agile processes to improve the speed at which IT projects are rolled out – and the executives we spoke with were no exception.

"About 98 percent of our developments are Agile," says Kaz Kempers from ABN Amro. "About a year-and-a-half ago we decided that everything new should be developed using Agile." Alejandra Leon Moreno, Director of Digital Architectures at healthcare giant Philips, tells a similar story. "Agile is pretty much our only framework for development; we don't use waterfall anymore," she says.

30% to 50% of applications are typically built using Agile methodologies, according to Oracle research

And while not everyone is at the same levels of maturity when it comes to Agile – most firms are taking a more hybrid approach, with an average of between 30-50% of applications currently being built using Agile methodologies – it is a critical piece of moving towards a faster, more digitally-savvy organisation.

Nevertheless, there are challenges with applying Agile thinking. "I think one of the biggest things is training stakeholders to work in an Agile way," says Kempers. "It requires a shift in mindset – and that goes for senior management too – otherwise you end up with the same problems you have in normal waterfall developments: scope creep, deadlines not being met, budget over-runs, things like that."

Enrico Conte, Head of Digital Transformation at BNP Paribas, is taking things a step further. For him, Agile extends far beyond the scope of the IT teams: it's an organisational imperative. "We are using agile methodologies – not just for developing software, but in a wider sense," he explains. "We are changing buildings, we are completely changing the workplace. It is much different to the ways we have worked before, more flexible. Everything is changing. Going digital is not just about having cool mobile apps or faster IT. That's a necessity, but it's not the whole picture."

The power of data

Indeed, for Conte and others, digital is more about being smarter about your decision-making and the way you operate as a business. And for that, data becomes key. "Data is an existential threat," says Teague. "Those companies that manage to harness the data that's out there – not in their own books of business, because actually a lot of that can be old and not very useful, but the wider sphere of social data and other data sources – I think that's the real opportunity."

According to Sholay, how you leverage data to develop information-based business models, products and experiences will define success in the digital age. "I think we need to start looking at going beyond just how we manage information to how we apply it," he says. "When I come across organisations and boards who are obsessive about data and information, they don't just manage it and store it. They actually assign an economic value to their information."

The best firms, he says, go beyond the technology and use data to create entirely new information- based business models and services. And for most organisations, that's an entirely new way of looking at things. As Citi's Aman Chawla puts it: "Data is pretty much what differentiates you as a company that's more predictive as opposed to reactive."

How we can use digital tools more effectively

Oracle's Neil Sholay offers his top tips for success.

Use data as a strategic weapon

Data is power, say the experts – but only if you understand that asset, place a value on it, and are able to monetise it. "It's no longer enough just to put it into a data lake; you've got to start attaching some kind of economic value to your data."

Focus on platforms, not products

Old economy thinking says the more products you build, the more you can sell, the more money you can make. With customers savvier than ever, that has to change. "Don't think in terms of products; think in terms of platforms and ecosystems. It's about bringing together users and providers to create a value exchange."

To find out more about how change leaders are tackling digital transformation and making change a practical business reality, read our other ebooks on culture and mindset and making change executable.

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