



Building a digital transformation strategy

In the current hypercompetitive business environment, it's not enough to automate processes and increase efficiency. To succeed, companies need to differentiate themselves from their competitors. But with the growth of digitally savvy customers who expect more from every transaction, it's becoming increasingly difficult to differentiate on product alone. Customers are demanding a more personal, service-oriented approach from the companies with which they do business, and the bar continues to be reset at higher and higher levels. To meet this demand, and stay competitive, companies need to move from a transaction-based model to more value-based interactions. This means putting the experience first.

Increasingly, companies are turning to digital transformation to help them stand out in markets, both old and new, by differentiating in new and often unexpected ways. By making connections at the brand level, they can create experiences that customers and employees alike find compelling—and in some cases, forever change the way business gets done.

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Work from the enterprise out

To move toward a digital, service-based focus, companies need a clear digital vision with a strategy for digital transformation. Unfortunately, most companies currently lack that strategy.

According to Forrester, only “27% of firms have a comprehensive digital strategy, Yet only 21% believe this is set by the right people.”

CIO defines digital transformation as **“the acceleration of business activities, processes, competencies, and models to fully leverage the changes and opportunities of digital technologies and their impact in a strategic and prioritized way.”** But more than just acceleration, digital transformation is about the need for businesses to outpace digital disruption and stay competitive in a rapidly evolving business environment.

This is where defining a digital strategy is key. To get your digital strategy started on the right track, you need to change the way you look at digital transformation. Up to now, digital transformation has largely been happening on a small scale. Companies might have a single app coming out of an innovation or marketing department, or an idea adopted by a handful of forward thinkers. Sure, those efforts might have won an award or had influence on one small segment of the business, but chances are they’ve been isolated and siloed, and can’t scale to have significant impact on the organization’s supply chain, manufacturing, or other key business areas.

Rather than just dip a toe into the digital transformation waters, it’s time to transform from the enterprise out, and that means doing

more than automating business processes. It’s about collaborating and strategizing ways to create experiences that transform business processes entirely to create experiences that both employees and customers love—and then bringing those experiences to life at an enterprise level. That is what will allow your company to differentiate itself.

By driving digitization at every touch point and at every level—employee, customer, and operations—you can catalyze change and add value across the entire enterprise. Only by innovating at this enterprise scale can you create a long-term competitive advantage that builds demand and engenders loyalty.

Consider your digital ecosystem

As part of your move to transform from the enterprise out, it’s time to change the way you look at your technology. In the world of enterprise technology, integration has long been a thorny topic. ERP represented the birth of “fully connected” systems, but reality hasn’t always lived up to the idea.

▼ **It’s time to transform from the enterprise out and that means doing more than just automating business processes.**

Best-of-breed solutions deployed in silos and over time have made disjointed, complex technology landscapes commonplace, while an emphasis on customization rendered them brittle and expensive to maintain.

In recent years, however, cloud technology has started to dramatically shift this paradigm. Companies are increasingly choosing the agility, flexibility, and affordability that cloud provides over complex customizations. Connected systems—deployed in the cloud—have made continuous innovation possible.

This concept is fundamental to digital transformation. Rather than considering core solutions as separate entities, they should be viewed as a connected, value-driven ecosystem that can be used to create interrelated products, services, and software that act as value-multipliers for other parts of your organization.

When you look at your technology this way, it can drive customer and employee engagement, along with operational efficiency, and position you to embrace digital transformation from the enterprise out.

Follow a four-step process

Building an effective transformation strategy requires structure; the following four-step process—strategize, design, assemble, and run—can help you lay the foundation for success. However, as with your technology ecosystem, connection is key. Too often, the strategy and design phases are disconnected from the foundation of the business—the systems and processes that are the core of how things get done.

The result is a patina of transformation, rather than meaningful change. Looking at the total picture is essential to creating a digital transformation strategy with scale. In other words, it holds the key to transforming from the enterprise out.

1. Strategize

The strategy phase of the process represents your vision; but rather than taking the traditional approach, which is to look at the problems you're trying to solve, start with the end in mind. The old way of doing things is to start with existing problems and requirements. While this approach has value, it's likely to only address the challenges you're facing today, rather than putting you on a path to the future.



When building a digital transformation strategy, focus instead on your end goal. What do you want to accomplish? What does success look like down the road? Focus on the experience you want to create and the narrative of your transformation, rather than software requirements. Think about the key themes of your transformation and the experience you want to deliver. For example, a fashion retailer might have a theme of personalizing the shopping experience for both associates and customers, so that neither could imagine going anywhere else.

While it's important to come up with this vision, it's equally important that the vision be rooted in reality. You want to create an actionable strategic vision that wraps around your objectives. To do this, identify gaps in current architecture and create implementation roadmaps.

Keep in mind, however, that speed is vital. Gone are the days of spending weeks, months, or even years in planning. By the time you're done, the industry will have passed you by. Companies that are leading on the digital transformation front are acting quickly, completing planning cycles in days. This doesn't mean your strategy must be completely built and set in stone in 48 hours, but rather that quick bursts of planning and continuous evolution will better position you to identify quick wins and take advantage of opportunities that you could otherwise miss.

One way to inject speed into your approach is to conduct a hackathon—a design and development process that brings together a group of people to collaborate, create a vision, and test ideas early in a rapid fire, intense, and highly focused

session. This approach compresses the planning process, so you can help create traction for your transformation, convince other members of your organization of its worth, and get buy-in to expand.

2. Design

According to an Actual-Experience Digital Experience Quality Report, 93% of business leaders believe that their customers' digital experience is very or extremely important to their organization's success, and 88% believe the same thing about their employees' digital experience.

This is where design-first thinking enters the equation. Design-first thinking means focusing on the experiences you want to create for your end-users—not the requirements of the solution. Think about what value you can provide to your users, both those within your organization and your customers. What can you do with and for your users? Consider, too, how you can change the way employees engage and collaborate and the way customers interact with your organization.

Your goal here should be to build the right experience—one that's beautiful, intuitive, and that allows your users to reach their end goals and work seamlessly in any environment.

▼ **Design thinking first** means focusing on the experiences you want to create for your end-users.

3. Assemble

Having a strategy and a design is a great start to your transformation. But if you can't assemble the pieces, you've got nothing. Here, it's time to start unifying the experience.

Consider this example: A hospital wants to make the process of checking in for patients as easy as it is for guests to check in to a hotel. To accomplish this, they need to connect their admissions application, finance application, medical services, nursing services, etc. It doesn't matter how many systems need to be involved, it should all be seamless and easy for the patient—who should feel like she's accessing one system.

The great news is that companies often have many, or even all, of the underlying technology components necessary to create differentiating experiences. The trick is leveraging all your disparate products, services, and existing technologies to power elements of your digital ecosystem. Often, the answer is under your nose. Data is a great example of information you could harness to deliver differentiating experiences.

For more on how data can help, read the Perspectives paper **“Driving digital transformation with data science.”** Specialized knowledge of your market, whether that comes in visibility of your supply chain or unique customer insights, is another.

The place to start is with a gap analysis to understand the components required for your strategy, areas where you'll need to develop new functionality to sit on top of what you already

have, and the integration necessary to bring it all together. Doing so is essential to accelerating your project—and spurring your digital transformation.

4. Run

The final piece of the digital transformation puzzle is getting—and keeping—everything running smoothly in the cloud or on-premise. As mentioned previously, cloud provides a great foundation for continuous innovation; however, that doesn't mean digital transformation isn't possible for companies that want or need to remain on-premise. Regardless of your deployment method, you'll want to implement a plan for continuous management and support. And that starts with an office of digital transformation, which can help you implement governance and a plan to keep your roadmap and architecture up-to-date at all times. You'll want to consider adding a shared support structure, along the lines of a shared services center, with skills across a variety of disciplines, such as change management, process optimization, and agile management, so you can build repeatable processes that are supported by a dedicated group of experts. If you don't have these skills in-house, it's time to find a partner who can help you implement everything you need for continued evolution and transformation. For more on this topic read: **“Making digital transformation part of your DNA.”**



How Hook & Loop Digital can help

The four steps to forming your digital transformation strategy are usually disconnected. Typically, you'll find a partner who can help you with either the strategy and design phases or the assemble and run phases. Building a bridge between those phases has been a challenge—until now. Hook & Loop™ Digital can bridge that gap and connect the steps so your digital transformation can have real impact.

By bringing together a top-down business approach with a bottom-up experience approach Hook & Loop Digital adds customer, employee, and operational value. They leverage disparate products and services, as well as existing technologies, to create, build, and manage enterprise-level digital ecosystems. By helping you innovate on an enterprise scale, Hook & Loop Digital helps you create a long-term competitive advantage that builds demand and engenders loyalty.

▼ Find out more about Hook & Loop Digital

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