

Digital Transformation – an Elusive Prize for Businesses

MK Timothy, CEO, Tim Tech Consults

Organizations today are eagerly pursuing operational and strategic benefits from a set of technologies broadly defined as “digital.” Cloud computing platforms, for example, store and provide ready access to massive volumes of data. Artificial Intelligence capabilities analyze that data to glean critical insights on customer needs. Mobile devices create a powerful channel for one-to-one communication with those customers. Rules-based robotic software performs routine and repetitive administrative tasks more accurately – and at a fraction of the cost – of humans, freeing up people to take on more value-added work.

Taken together, these capabilities enable businesses to fundamentally transform their IT and business operations, their work processes and their approach to competitors. The new digital environment is dramatically more efficient, secure and flexible, and able to support ongoing innovation and respond nimbly to new business requirements as they emerge.

But while the potential is enormous, businesses struggle to reap the benefits of digital transformation. The most fundamental challenge is overcoming a legacy of outdated and inefficient systems, processes, applications and skill sets. Closing this “digital gap” requires integrating digital tools and modernizing existing operations to enable a gradual transition to the new model. It’s a formidable challenge – one that Uber, Amazon and other digital disruptors starting with a clean slate haven’t had to confront.

Compounding that challenge is the fact that most businesses must devote the bulk of their resources to simply “keeping the lights on” in their existing environment – reactively fixing problems, maintaining and updating applications and scrambling to respond to new business requirements. As a result, they lack the budget and the bandwidth to invest in new digital platforms, tools and capabilities. According to Gartner Research, this year top-performing organizations will dedicate 43 percent of their IT budgets to digital initiatives (up 10 percent from 2017). Middle-of-the-road enterprises will spend about a third of their budgets on digital, while trailing businesses will invest only 16 percent.

The challenge lies in closing this “digital gap” – by driving the integration of new tools and flipping the financial formula so that the bulk of investment is applied to digital innovation and optimization, while a steadily decreasing proportion is applied to day-to-day management, problem-solving and maintenance. Under the new operating model, a process-driven, automated, predictive and proactive approach to management replaces an ad hoc, people-driven and inefficient approach. One company that has found the secret sauce (so to speak) of digital transformation is Chili’s. The restaurant chain has implemented a digital CRM system for its franchisees that effectively combines centralization, oversight and consolidation of data collection and analysis, along with the flexibility local operators need to accommodate cultural, language and resource requirements. In addition to enhancing the operational efficiency of Chili’s operations,

the solution delivers a more personalized dining experience that leverages data on customers' preferences and participation loyalty programs. Musasizi Timothy Karubanga will join Raymond Chan, Executive Director at Cyber Discovery Co. Ltd. Hong Kong, on 07-09 Jun at the Ems Japan Summit Tokyo Big Sight, Koto, Japan. They will discuss digital transformation opportunities, challenges and keys to success in general, and Chan will share his experience of how digital has helped Chili's compete in a demanding climate.