

Digital Transformation

A SPECIAL 2-PAGE REPORT

How to navigate the path of huge technological change

Digital transformation can improve both the top and bottom lines for business, but it also comes with risks, writes **Jason Walsh**

How businesses approach delivering new digital services to customers has become a hot topic, but rushing into radical change is rarely the right approach to take.

Keith Moran, group chief technology officer at CubeMatch, said digital transformation was a necessary response to the reality of the marketplace today, but that it was also not without its risks.

"There are a couple of problems," he said, noting that understanding at the board level could be better.

Moran noted that consultants McKinsey estimate the risk of failure at 70 per cent: "Which is absolutely staggering," he said.

"The overall landscape is rapidly changing and senior executives often struggle to understand it: the cloud, blockchain, data analysis, what does it mean? They tend to understand the core concepts, but not the details."

This is understandable, of course, given the sheer scale of technological change we have seen. In addition, some technologies are, frankly, difficult to conceptualise.

For instance, containerisation is simple enough for developers to understand, but explaining its benefits to people outside tech is another matter.

Nevertheless, said Moran, the fact remained that digital technology was becoming

more and more important. "We've seen tech pretty much disrupt entire industries overnight. It has the potential to deliver breakthroughs too," he said.

How failure happens

Digital transformations fail for a variety of reasons. After all, every project is different. Nevertheless, there are some commonalities that can be observed.

Among the top reasons for failure, Moran said, the most significant is unclear strategic goals associated with the digital transformation agenda: "Goals that are non-specific and not related to top or bottom-line growth".

Clear communication is part of the solution to this problem. "Sometimes there can be a lot of soft, qualitative benefits that can actually be very strong, but they can also seem vague and that can result in a lack of senior executive support," Moran said.

Another common problem is difficulty around change management.

"Humans tend to, by default, fear what they don't understand. Change is hard and there can be unforeseen resistance," Moran said.

Both of these problems point to a wider misunderstanding: a focus strictly on technology when, in reality, people should be at the centre of any business process.



Keith Moran, group chief technology officer, CubeMatch: 'You have to have the right people in every position, from the top down. People deliver success in transformation'

partner talent, has become glaringly obvious – and a real brake on innovation.

"There is a global shortage of talent able to handle complex digital transformation projects," Moran said.

"You have to have the right people in every position, from the top down. People are what deliver success in transformation."

Notable digital transformations are rare. After all, few companies want to broadcast their woes. Nonetheless, some are known: those at Ford and General Electric in the US were widely reported on, and, in Britain, the BBC's £98.4 million (approx €114 million) Digital Media Ini-

tiative was subject to a 2014 autopsy by the National Audit Office.

Taking a more positive attitude to failure, especially when transformation projects are not carried out as monolithic all-or-nothing efforts, can mean that results improve rapidly, said Moran.

"People like talking about success. There isn't a culture of failure, it's still very much frowned upon, but if you're undertaking a complex digital transformation programme you will fail at something," he said.

This suggests agile methodologies are ideal, and while they do lower the risk of total failure, Moran said not every

project had the same requirements.

"Agile is very fit for purpose for a lot of digital transformations, but it's not in others, such as new product development," he said.

However, Moran said that there were some tips for success that could be applied across the board to digital transformation projects in order to improve the success rate.

"First, start with proof of concept. Secondly, I would say you should have the courage not to start the project until you have the right people and partners. Then do not compromise. That way, you reduce risk," he said.

Eyes on the sky and a laser focus on the cloud

Cloud computing has changed how enterprise computing is done, and remains central to digital transformation

BY JASON WALSH

Helping enterprise clients to transform their business is the bread and butter of software and technology consultancy Ardanis, and while each project is bespoke, there are some features that are common across most. Among them is a clear focus on the cloud.



Ivan Goor, group chief executive, Ardanis

"Really, we often talk about digital transformation in terms of cloud, adopting cloud or how you change your strategies," Ivan Goor, group chief executive of Ardanis, said.

Typically, enterprise customers are aware of the scale of the challenge ahead, coming to partners like Ardanis to address roadblocks.

"They might come to us and say that they have a problem: 'How can we change the development methodology', for instance," Goor said.

However, not every business has a realistic approach to digital transformation. Surprisingly, despite the increasingly fluid nature of tech and a widespread sense that infrastructure is acting as a roadblock, some businesses want to simply 'lift-and-shift' existing applications to the cloud or else follow traditional, monolithic development methodologies.

This was a mistake, said Goor, and the end result of doing so could well be as severe as a failed project.

Indeed, Goor said, the point of moving to the cloud was not to simply move from one kind of technology infrastructure to another, or even to take infrastructure out of the picture, but to give businesses the ability to develop flexible strategies that can adapt to the rapidly changing customer needs and desires they are now experiencing.

Of course, old habits die hard, even when they themselves are a barrier to change.

"There is still that perception, with some businesses anyway, that you can follow the traditional way of doing things, but if you go that way you have already missed the boat. Cloud is so good because you can break things down and do it incrementally," said Goor. "That side of things is really where we come into play."

Goor said the problem with simply migrating traditional applications and systems was that while it may help move away from ageing infrastructure, it did not bring the key benefits of a true digital transformation. In addition, it may not even work.

"If you're coming from on-prem, you don't really want to do a lift-and-shift. That's not

really cloud-native anyway, and what you've built in a server room somewhere may not be suited to the cloud," he said.

Why transform?

One thing that cannot be forgotten is the reason why digital transformation is on the agenda in the first place: customers are demanding it. While the concept of the digital native has been overlaid to some degree, the fact remains that more and more people want to not only do business online, but are no longer willing to wait for the result of tasks such as quotations or reconciliation.

On top of this, the competitive challenge is growing. Organisations in Ireland, as well as across the world, are responding to very real challenges, including new challengers.

Goor said that lessons can be learned from those sectors and businesses that are recognised as leading transformations. Typically, leading sectors are those that have adapted by moving to agile methodologies in order to ensure that they can move fast without fear of failure.

"If you look at big insurance companies and private equity-backed disruptors, they have to get results quickly," Goor said.

"We're seeing a lot of growth on the 'green tech' side of things. They're trying to be as efficient as possible and are really focusing in on the sustainable side of it."

Goor said his advice for any business on the path to digital transformation, based on the years of experience developed at Ardanis, was to break their project down into manageable pieces.

That way, not only is risk drastically reduced, but it also affords an opportunity to think about what further steps can be taken to drive even deeper transformation.

"My advice is not to do that 'big bang' approach. As you start to learn the benefits, it becomes easier to gather close learnings. The benefits become really clear," he said.

Moving digital transformation in the right direction to benefit your business

Digital transformation starts with understanding your business and where you want to take it, writes **Jason Walsh**

Digital transformation is typically defined as moving to a customer-driven, digital-first approach. Even this definition, however, doesn't really tell us what the term means in practice, in part because the reality is the form a digital transformation takes will differ for every business.

Ciarán Harris, co-founder and director of the user

experience (UX) and design agency Each&Other, said that digital transformation as a term had become vague due to overuse. Nonetheless, he said, there was a core meaning to it.

True digital transformation means making significant changes to how you do business, he said.

"We come across organisations that are using the buzzword, but are really only

making incremental changes. It's quite rare for someone to use it in the intended sense: as a transformation; seeing where you are and where you want to get to," said Harris.

Naturally, significant change can be a cause of anxiety, but the answer to this was to plan effectively. "Like any jump, you need to look before you leap," he said.

Digital transformation can mean deploying artificial intelligence (AI), data analytics and replacing infrastructure with the cloud, but the key is not the technology, it is the change and the outcome. Indeed, following the pandemic, small organisations have proved they are as adept as large organisations when it comes to change.

"For them, it was a real transformation. Look at where they were, and where they are now. Putting stuff on a new server architecture, I wouldn't call that transformation," he said.

Deep tech

Deep technological change, however, is under way and new possibilities are being opened up by new technologies. Edge computing, for instance, where processing is pushed back out from the centre will continue to grow with the deployment of 5G networks.

This necessitates not only new ways of processing data, but new ways of thinking about it.

Harris said that new applications were revealing themselves as the internet of things (IoT) becomes a reality.

"If you think about things

like cloud computing, with high-speed data your data does not reside in your laptop or desktop, it resides on a server somewhere. The where usually doesn't matter. Sometimes, however, it does: you don't want an autonomous car reacting to an emergency situation via some servers in Austin, Texas. Doing it locally is edge, which is the other side of the coin," he said.

Use cases go well beyond transportation, however, and how the move to routinely connected devices will play out remains to be seen. What is already clear, though, is that IoT is transformative and creates opportunities for businesses to gain a competitive advantage. Industrial applications, in particular, show promise.

"With 5G, it's all about devices. IoT is here now in the form of things like Amazon Echo and the Ring doorbell, and there are even more applications in industry: wind turbines, auto manufacturers, IoT infrastructure in managing logistics, supply chains and the production process," Harris said.

Another tech changing the face of business is artificial intelligence (AI), and even small businesses are now able to take advantage of it.

"Quietly, behind the scenes, it's being embedded everywhere. What does it mean for SMEs? Until recently it was kind of out of reach,



Like any jump, you need to look before you leap

Ciarán Harris, co-founder and director, Each&Other: 'Putting stuff on a new server architecture, I wouldn't call that transformation'



but we're seeing more and more solutions targeted directly at SMEs," he said.

There are challenges associated with AI, however. For example, one thing that SMEs need to watch out for is potential bias, Harris said.

"Things are as good as the data that goes in. One of the issues with it [AI] is, for the most part, it's a black box, and that is something designers such as myself are concerned about, as it makes it hard to understand if there is bias or not," he said.

Examples of potential pitfalls include CV-screening software, already widely in use, which has resulted in most job applications never even making it to the stage where a human casts an eye over them.

These kinds of problems, which are essentially technical in nature, can be dealt with by ensuring a humanistic approach remains central to digital transformation.

Whatever technological path businesses go down, the reality is that change is coming, Harris said. "Everything should keep changing and should keep improving. I think there's a case for both constant incremental changes and, every now and then, a leap".

For Harris, it is important to go back to basics: the first question any business needs to ask of digital transformation is what the goal is.

"You have to have a reason: Why are you doing this?" he said.

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