

HOW TO UNLOCK VALUE AND ENABLE SUSTAINABLE DIGITAL TRANSFORMATION

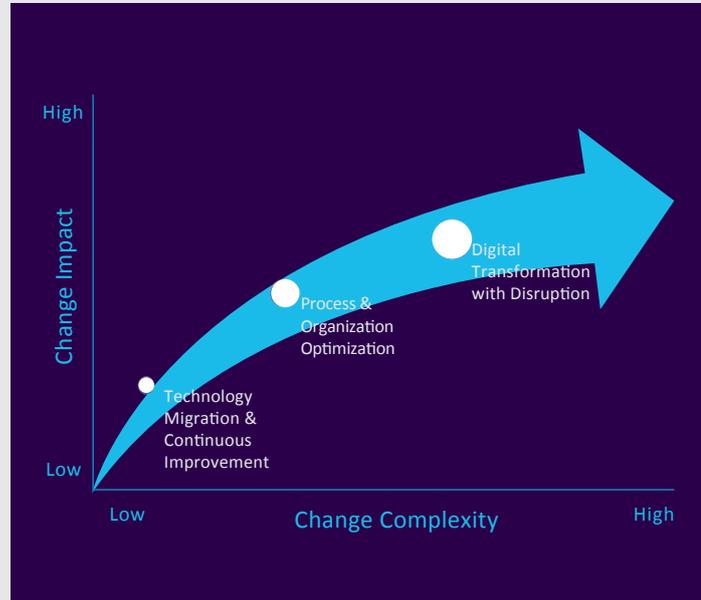
By Wendy Meese & Ravi Andrade

Organizations are actively refreshing their technology landscapes to 'digitally transform.' These transformations are driven by changing competitive landscapes, as roles continue to blur within legacy industry value chains. The new breed of digitally-enabled enterprises are agile and able to understand, predict, and service their customers' needs seamlessly across physical and digital channels. At the heart of this capability is the ERP – the digital core – surrounded by point solutions that provide the foundation for an Intelligent Enterprise. Unfortunately, there is a graveyard of failed implementations and many organizations are struggling to gain significant traction.



The transformation initiatives being pursued by organizations today involve a high degree of complexity and result in a significantly broader impact to an organization than technology migration or targeted business improvement projects pursued in the past. Digital transformation is much more than a technical upgrade; it is a cultural shift impacting every aspect of a business. To be successful, organizations must:

1. establish a clear vision and organizational alignment using a **case for change**,
2. continuously and relentlessly pursue value creation through effective **value management**, and
3. address the human-side of change via **change management**.



“Digital Transformation is much more than a technical upgrade; it is a cultural shift impacting every aspect of a business.”

“A team aligned behind a vision will move mountains. Sell them on your roadmap and don’t compromise – care about the details, the fit and finish.”

– Kevin Rose, Founder of Digg and Partner at Google



CASE FOR CHANGE -

Establish a clear vision and organizational alignment

The case for change, or business case, is the foundation of any change initiative and is especially critical for transformational change initiatives. It is naturally required to obtain funding by identifying expected benefits and calculating the expected return on investment; however, it is also where senior executives must align on the organization's vision and how the organization will change through digital technologies. The case for change should be compelling and resonate across the organization at all levels. Key questions to ask and answer while building the case for change include:

- Why change? Why now?
- What are the critical capabilities needed for the future?
- Where and how is the business model impacted?
- What are the operating model impacts & opportunities?
- What organization and process initiatives are required?

- What are the value drivers and Key Performance Indicators (KPIs)?
- How and when will change occur?

Once there is organizational alignment around the 'why,' 'how,' and 'when,' the real challenge begins – implementation.

Only 31% of organizations agree that senior executives share a common vision of how the business should change through digital technologies¹.

Source: Capgemini Digital Transformation Institute, Digital Mastery Survey; April–May 2018, N=1338 respondents, 757 organizations.



“Be firm in your goals,
but flexible about
your methods.”

– *Unknown*

VALUE MANAGEMENT ---> VALUE REALIZATION

Relentlessly pursue value creation

Even with the best laid-out case for change, initiatives do not always go as planned. As cost and schedule pressures mount, organizations are increasingly likely to de-scope or postpone value drivers identified in the case for change to implement something at least equivalent to the functionality that currently exists. How can organizations protect against value erosion?

Value management is the process of achieving an optimized balance of benefits, risks, and costs. It is the key to navigating the constant and healthy tension between maintaining operational continuity, managing implementation cost and schedule, and achieving value realization, and must be kept in the forefront throughout transformation.

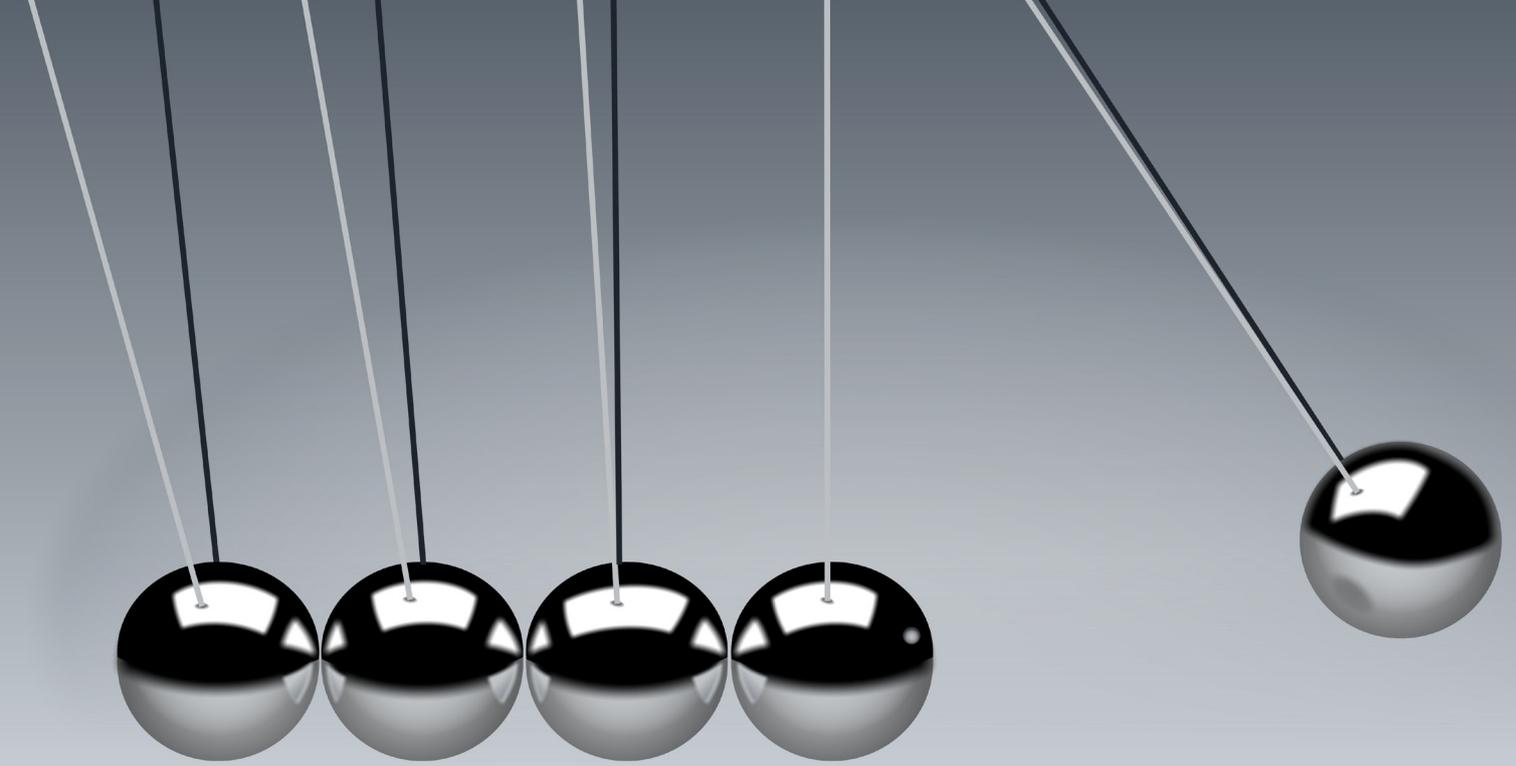
Organizations should:

- 1. Effectively manage cost and schedule** – Implement strong Program Management with a disciplined governance infrastructure to minimize the need for tradeoff decisions.

- 2. Remain steadfastly focused on the case for change** – Understand the value drivers and their relative prioritization. If tradeoffs must occur, what are the non-negotiables?

With a strong case for change and value realization firmly in grasp, organizations must not lose focus on the human-side of change.





**“For every action,
there is an equal and
opposite reaction.”**

– Newton’s Third Law of Motion

CHANGE MANAGEMENT

Address the human-side of change

During a transformation, change is everywhere – culture, roles, operating model, processes, technology, infrastructure, geography, and the list goes on. Organizations cannot underestimate the human-side of a transformation because the natural internal and external forces of an organization will continually work to maintain status quo. Strong – and intentional – change management helps to overcome this inertia and prepare all stakeholders for the journey.

Change management is more than just communication. It is a holistic approach to building and sustaining commitment that should include:

- 1. Building awareness** – Identify and engage stakeholders to create awareness of the case for change.
- 2. Developing understanding** – Understand how stakeholders are uniquely impacted and initiate change networks to invite stakeholders to be part of the journey, not idle bystanders.
- 3. Achieving buy-in and confidence** – Broaden awareness via interactive roadshows, and highlight key accomplishments and milestones to build assurance and sustain momentum.
- 4. Measuring and driving adoption** – Check understanding and adjust where necessary to verify stakeholder readiness for change.

A 60% majority of organizations point to culture as the number one hurdle to digital transformation with organizations often failing to ensure their employees feel part of the journey².

Source: Capgemini Digital Transformation Institute Survey, Digital culture; March-April 2017, N=1700, 340 organizations.

SUMMARY

Digital transformation is changing competitive landscapes and blurring legacy industry value chains in a real way. Significant cultural shifts are occurring and organizations are being stretched. Transformational opportunities significantly challenge the status quo, and thus, require an investment to design and implement.

- The **case for change**, or business case, is the foundation of any change initiative and should be compelling and resonate across the organization at all levels.
- **Value management** is the key to navigating the constant and healthy tension between maintaining operational continuity, managing implementation cost and schedule, and achieving value realization, and must be kept in the forefront throughout transformation.
- **Change management** is the holistic approach to overcoming inertia, and to building and sustaining commitment to preparing all stakeholders for the journey.

By establishing a clear vision and organizational alignment, relentlessly pursuing value creation, and addressing the human-side of change, organizations will be equipped to unlock the value they seek and enable sustainable digital transformation.

ABOUT THE AUTHORS

- **Wendy Meese** is a Managing Consultant with Capgemini Invent's Finance Transformation practice. She is a transformation leader with ~20 years of experience solving complex cross-functional problems in large Aerospace & Defense, Manufacturing, and Retail & Distribution organizations. She has led finance transformation opportunity identification and plan development, and managed multiple process improvement initiatives, ERP/MRP deployments, and maintenance projects.
- **Ravi Andrade** is a Principal with Capgemini Invent's Finance Transformation practice. He is a transformation leader with over 25 years of experience in leading programs across various sectors and functions. Key programs include business transformation and operating model transformation tied directly to technology assessment and selections.

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