

A beginner's guide to digital transformation

 By [Mark Geschke](#)

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Not a day goes by that leaders of mid-sized businesses are not bombarded in one way or another by the increasingly urgent need to embark on a digital transformation. But sometimes it seems there are as many approaches to digital transformation as there are IT consulting organisations on the planet.

The confusion this creates makes it incredibly hard for leaders to agree on a course of action for their organisation and to move forward with confidence. My goal with this article is to not only clarify what digital transformation is but to also outline the three essential steps for becoming a digital company.

What is digital transformation?

[Agile Elephant](#), in my opinion, provides the most useful formal definition for getting started: “Digital transformation is the process of shifting your organisation from a legacy approach to new ways of working and thinking using digital, social, mobile and emerging technologies. It involves a change in leadership, different thinking, the encouragement of innovation and new business models, incorporating digitisation of assets and an increased use of technology to improve the experience of your organisation’s employees, customers, suppliers, partners and stakeholders.”

Although this definition is technically sound, it still feels somewhat fuzzy and can mean many things to many people. My work on a [digital transformation methodology](#) for SMEs has fortunately given me a unique perspective and I believe I can provide further clarity on the topic.

The first point I want to emphasise is that digital transformation should never be seen as a goal, but as a commitment to a new way of doing business where information technology is used in ever-more sophisticated ways to generate business value. Since there is no defined end-state, it is also not so important to know all the answers before starting the organisation on a digital transformation journey. There will be many opportunities to integrate new learning and make course-changes as digital competence across the business increases.

The primary reason for organisations to embark on a digital transformation journey is to survive and thrive in the face of a rapidly changing business landscape. It is now commonly accepted that all businesses and industries are at risk of being disrupted by nimbler, technology-supported competitors.

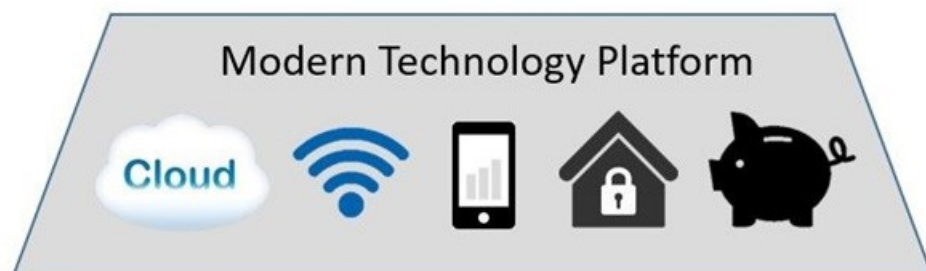
The initial objective of a digital transformation is to align all business activities to not only attract new customers but keep them coming back for more. To have a chance of creating this phenomenal customer experience (without breaking the bank in the process), it is crucial to understand that there are three essential steps to work through, each building on and

enhancing the foundation established by the previous ones. Skipping or combining any of the steps into one is an almost guaranteed way to fail.

The three steps to a successful digital transformation

1. A modern information technology platform

The first step in any digital transformation journey is to create a modern technology platform. It has to be cost-effective and reliable, but more importantly, has to be flexible enough to easily grow with the evolving needs of the organisation.



For many organisations this means re-architecting their IT environment to leverage a combination of cloud and internal services which are loosely coupled and can easily be exchanged as and when required. Nowadays most organisations, even SMEs, have realised the importance of this step and have taken action to achieve it, thereby kick-starting a digital transformation without necessarily knowing about it.

2. Automated and optimized business processes

Once the IT foundation is in place, focus shifts towards the automation and then optimization of business processes using technology.



This shift in perspective, however, does more than just leverage the foundation. It actually modifies the frame of reference. Platform outcomes are now measured and managed in terms how well they support business processes. Most well-run SMEs these days are busy with this step and have realised there are a lot of opportunities to use technology to improve what they already have. Low hanging fruit are everywhere! Unfortunately, the SME-focused vendor ecosystem has a long way to go to fully support these requirements and only few businesses believe their processes are properly optimized.

3. Customer-driven product innovation

Only once business processes have been sufficiently automated and optimized should an organisation turn to the final frontier of realigning 100% behind the needs of the customer.

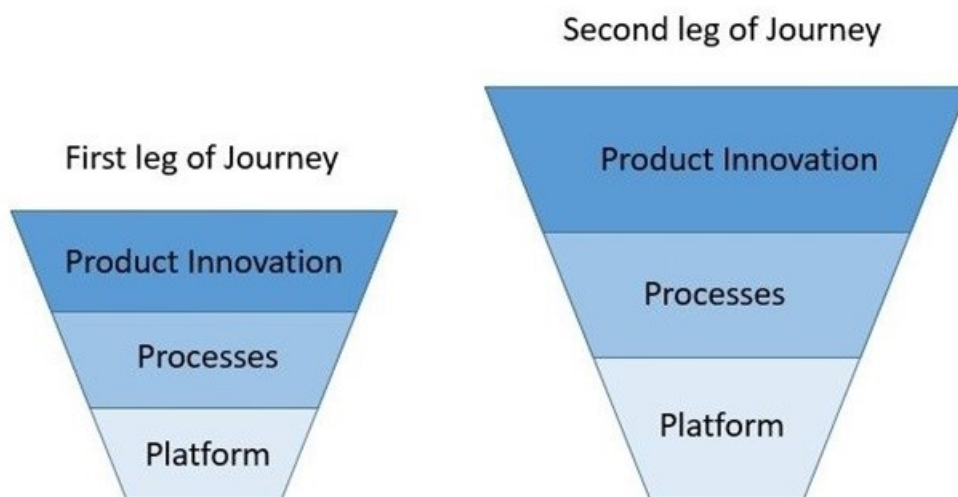


As before, the shift in perspective has profound implications for how the platform and business process building blocks are managed. Outcomes are now measured and managed by how well they support the overall customer experience. This requires organisations to adopt an agile and learning mind-set to understand the real customer needs and to continuously develop innovative approaches and products to solve these needs.

Experimentation and 'embracing failure' become accepted terms in the company culture. This step, by a long shot, requires the most profound changes to how most companies operate today. Fortunately, there is a lot SMEs can learn from startup organisations who, by default, start their businesses with a very customer-centric mind-set.

The inverted value pyramid of digital transformation

The business opportunity presented by moving along this three-step journey becomes very apparent once one realises how value increases with every step.



But not only that, since digital transformation is a journey, the continued focus on improving the platform creates even more value with every iteration.

In conclusion...

The most important take-aways are that digital transformation:

- is important for every organisation that wants to thrive in the future,
- is a process a company commits to where technology becomes a major differentiator but is not an end-state in itself,
- holds considerable promise for organisations that become truly customer-centric in everything they do and

- requires three essential steps, each building on the foundation of the previous one.

For a fun visualisation of these concepts, have a look at our [digital disruption simulation](#) which asks the simple question "How likely is it that your employer will survive the next five years?"

You may be surprised with the outcomes.

Read the [original article on the Xuviate blog](#).

ABOUT MARK GESCHKE

Mark Geschke is the CEO and Co-Founder of Xuviate, a digital transformation company focusing on small and medium businesses. With over 21 years of experience as entrepreneur, developer, IT consultant, business leader and visionary his focus has now shifted towards unlocking the true potential of IT in SMEs worldwide. He is an architect of Relevant IT, a Business Technology Management methodology for smaller organisations, developed in South Africa, for the world.

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