



The Digital Transformation Iceberg

By Rob Harper and Dan Sterling

As you chart your course and follow your digital transformation's North Star, prepare to encounter some icebergs along the way, adjust course as needed, and keep on sailing full steam ahead.

The Titanic. We all know the story. The largest, most technologically advanced luxury liner ever built set sail from Southampton to New York City and tragically never reached its destination. More than 100 years later, there are parallels we can draw between the “unsinkable” Titanic and many of the digital transformations setting sail or already underway in organizations around the world today:

Scale: The largest, most expensive ever built

Technology: Advanced, cutting-edge, never tried before

Competition: Facing threats from internal and external competitors

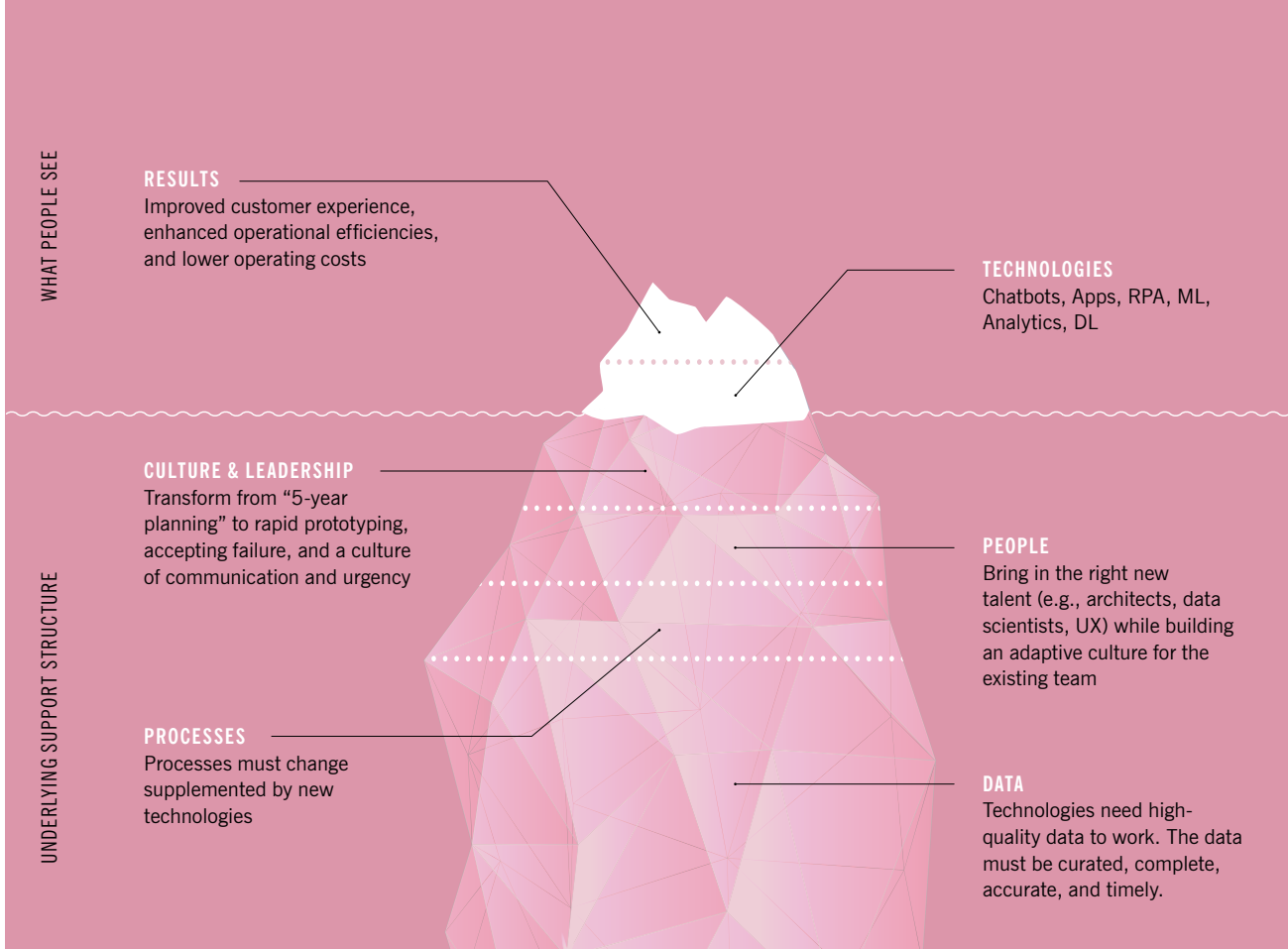
Speed: Racing forward at a record pace to beat the competition

Risk: Casting off with too few lifeboats

Icebergs: Potential perils lurking under the dark, icy waters

Estimates place the failure rate of digital transformations between 60 and 80 percent. That means fewer than half succeed. Which half are you in? As your company pursues and deploys new digital capabilities at the heart of your digital transformation, there are many obstacles — some visible, some hidden — that you may encounter along the way. A segmented iceberg is a good way to think about the potential perils that lie ahead, as only a few of the obstructions are easily seen while most lurk below the waterline. In this analogy, each layer of the iceberg represents a transformation focus area.

This article will touch briefly on each of the iceberg's six transformation focus areas and dive into more detail on data — often the least understood and most challenging segment. We'll break down the potential obstacles each focus area presents to a digital transformation and offer sample actions executives can take to safely navigate around them.



RESULTS

What do you expect to achieve? There are many reasons to undertake a digital transformation: for efficiency, an improved customer experience, competitive advantage, or addressing existential threats. Having a clear vision of what you want and why is critical for identifying, clarifying, and assessing the possible perils.

Potential Obstacles:

- Unknown and/or inconsistent vision for your digital transformation
- Multiple, conflicting internal initiatives competing for attention, dollars, and resources

Example Actions:

- Align results directly with corporate strategy.
- Collaborate to set the vision and build buy-in across the enterprise.
- Communicate. Communicate. Communicate.

TECHNOLOGIES

What's your technology flavor of the day? There is no shortage of sexy new technologies that promise to fix all your company's problems. Artificial Intelligence, Machine Learning, Robotic Process Automation (RPA), Predictive Analytics, the list goes on. All have their appropriate applications and can be transformative. Selecting (and implementing) the best technical solutions to meet your needs is critical, but technology alone won't achieve all the results you seek.

Potential Obstacles:

- Glossing over or expanding technical debt
- Incompatibility with existing architecture or infrastructure
- Security

Example Actions:

- Focus on technology suitable for integrating, deploying, supporting, expanding, and scaling capabilities.
- Focus on technologies that drive value, not just the shiniest.

CULTURE & LEADERSHIP

Can your organization adapt and thrive? Truly transformative digital technologies demand shifts in structures, roles, responsibilities, and culture. Leaders must anticipate those shifts and manage the changes across all stakeholders — employees, contractors, customers, vendors, investors, etc. Reacting after the fact will be more painful and is unlikely to generate your expected results.

Potential Obstacles:

- Reluctance, inability, or failure to accept change
- Leadership/organization structure misaligned with transformation vision and desired results

Example Actions:

- Assess current organization against target capabilities.
- Develop and follow change plan for all stakeholders.
- Establish Transformation Office with respected and capable leadership.

PEOPLE

Do your employees have the skills they need? Acquiring high-demand skills in today's market is challenging and likely costly. Whether you choose to build, buy, or borrow resources with the relevant skills, assembling your high-performing team will take time. Focus not just on technical skills but also on the business skills required for implementation and steady-state operations.

Potential Obstacles:

- Losing best and brightest for fear of the unknown
- Compensation model misaligned with the market for talent

Example Actions:

- Define skill and talent needs during the transformation life cycle.
- Assess gaps and develop a plan to fill needs.

PROCESSES

Will today's processes work tomorrow? The easy answer is no. Innovation requires changing the steps taken to perform the work of the business. Examples include customer behaviors, supply chain fulfillment, sales operations, exception management, and planning. Early assessment of which processes need to be tweaked, rewritten, or scrapped allows for designing, training, and rolling out in time to support the digital transformation.

Potential Obstacles:

- Unidentified and unaddressed processes impacted by transformation remaining in place
- Uncertainty, incompleteness, and errors in new processes

Example Actions:

- Identify processes impacted directly, tangentially, and indirectly by transformation.
- Break down the silos preventing you from using the right processes.

And that leads us to often the most treacherous layer of the iceberg, data. All components of the iceberg — whether above or below the waterline — can be perilous if not addressed, but because data generally receives so little attention, it’s worth focusing on in more depth.

Data is rarely sexy but is always foundational to the shiny new technologies enabling digital transformations. The modern company cannot thrive — and may not survive — without high-quality data. At Jabian, we break data capabilities into four components: data, context, governance, and information. Each component merits consideration of potential problems and the development of an action plan for addressing those challenges.

Defining data

How well is your data defined? The raw facts generated from transactions or interactions have many sources and take many forms. Understanding what data and metadata you have — conceptually, logically, and physically — enables ingestion, usage, and placement of the right data at the right place at the right time in support of the digital transformation.

Potential Obstacles:

- Bolting new technologies onto source data that doesn’t reflect the needs of the transformation
- Inconsistent and disconnected view of like data objects — customers, products, employees, etc. — across multiple systems and reports

Example Actions:

- Fix the foundation and create a single, master view of data domains critical to the transformation. For example, adding another customer “master” is not helpful.
- Coordinate definition and cataloging across data stores and systems with business and technology stakeholders.

“
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Context

How well is your data managed? Data provides limited value outside the context of the associated business. This may include extraction/transformation/load rules, cleansing routines, application requirements, lineage, etc. The existing data context impacts digital transformations. And digital transformations contribute additional context for future data.

Potential Obstacles:

- Garbage in. Garbage out. Automation built on poor data cannot yield good results.
- Ingesting new data inconsistent with translation rules supporting business transformation needs

Example Actions:

- Build operational tools and processes to maintain high-quality data over time.
- Establish data architecture for the management of all data sources, types, and uses.

Governance

How well is your data governed? No governance equals poor governance. While not officially valued on the books, data is often the most valuable corporate asset. And data is regularly managed, used, shared, traded, sold, discarded, and lost without the rigor and controls associated with other asset classes. Digital transformations amplify the need for data governance.

Potential Obstacles:

- Undefined or uncertain business ownership of strategic data leads to poor decisions on usage that results in compliance issues or security breaches
- Decisions on data to support digital transformation negatively impact existing operations, or vice versa

Example Actions:

- Define and implement a governance model with clear business ownership of and processes for strategic data.
- Investigate ways to value or monetize your data to generate the attention and investment required to manage your data as an asset.

Information

How is your data consumed? Data + Context + Governance = Information that is consumed and drives all corporate decision-making from transactional to strategic. Digital transformations can involve new and improved ways of generating and/or presenting information for decision-making.

Potential Obstacles:

- Existing metrics, KPIs, and dashboards don't accurately reveal the results — good or bad — of the transformation
- Transformation yields added value not reflected in current partner/customer/vendor agreements

Example Actions:

- Identify, assess, and address potential impacts to how business is measured after transformation.
- Explore valuation and potential monetization of information resulting from digital transformation.
- Clarify and communicate a vision for the data capabilities required for the transformation's success.

CONCLUSION

There is no one-size-fits-all digital transformation. There is no magic map to define the exact route or compass to navigate through all the perils you may encounter. The expected results must be clear; the technologies must be right; the leadership and culture must be supportive; the right people must be on board; the processes must be defined; high-quality data must be input and output for your digital transformation to be successful. Remember: You can't avoid what you don't know about. You can't fix what you don't see.

As you chart your course and follow your digital transformation's North Star, scan ahead from bow to horizon (and beyond). Prepare to encounter some icebergs along the way, adjust course as needed, and keep on sailing full steam ahead.

Note: The use of the Titanic as a metaphor is meant to illustrate the potential perils faced during business transformations and the need for consideration, planning, and action. In no way is this meant to disregard the loss of more than 1,500 lives during this tragic event.

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