

Digital Transformation

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ABSTRACT

“Digital transformation is all about becoming a digital enterprise—an organization that uses technology to continuously evolve all aspects of its business models (what it offers, how it interacts with customers and how it operates).”

As technology evolves, so should your business. At this point, it’s not about enterprises choosing to transform; it’s more about deciding how to transform.

Digital transformation is about evolving your business by experimenting with new tech and rethinking your current approach to common issues. Because it’s an evolution, a transformation doesn’t necessarily have a clear end point. The MIT Sloan Management Review, a publication that focuses on how management transforms in the digital age, says, “Digital transformation is better thought of as continual adaptation to a constantly changing environment.”

For enterprises, that means continually seeking out ways to improve the end-user experience. This could be through offering improved on-demand training, migrating data to cloud services, leveraging artificial intelligence, and more.

Key areas of Digital Transformation:

1. Customer Experience — working to understand customers in more detail, using technology to fuel customer growth, and creating more customer touchpoints
2. Operational Processes — improving internal processes by leveraging digitization and automation, enabling employees with digital tools, and collecting data to monitor performance and make more strategic business decisions
3. Business Models — transforming the business by augmenting physical offerings with digital tools and services, introducing digital products, and using technology to provide global shared services

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I. INTRODUCTION

Importance of Digital Transformation

While every digital transformation initiative will have its own specific goals, the main purpose of any digital transformation is to improve your current processes. Digital transformation is important because companies must evolve to remain competitive in their industry. If you aren't evolving, you're falling behind. A Bain & Company study shows that "only 8% of global companies have been able to achieve their targeted business outcomes from their investments in digital technology." One of the strategies that sets leaders apart is that they spend more on transforming their businesses instead of just running them.

Digital transformation is important because it allows organizations to adapt to ever-changing industries and continually improve how they operate.

For enterprises, that means continually seeking out ways to improve the end-user experience. This could be through offering improved on-demand training, migrating data to cloud services, leveraging artificial intelligence, and more.

The Benefits of Digital Transformation:

1. Increases productivity while reducing labor costs — Using technology to work more efficiently is one of the most impactful ways to transform your business. For example, for enterprises, the time and money they spend training new employees and updating digital resources can quickly get out of hand. With the proper tools, you can keep costs down and productivity up.
2. Improves the customer experience — Tech-savvy customers want a great experience through multiple touchpoints — mobile apps, social media, email, live chat, etc. Digital transformations are the driving force behind improved customer experiences.
3. Drives innovation, keeping you ahead of your competition – Your competitors are looking into

digital transformation regardless of whether or not you are. Choosing not to embrace digital transformation is essentially deciding that you don't mind being left behind. Investing in your organization's future allows for

Examples of Digital Transformation by Job Function

Job Function	Digital Transformation	Real-World Example
Sales	Spreadsheets to a Cloud CRM	Sophos improves win rates, streamlines customer relationships, and improves customer data by implementing Salesforce.
HR	In-person training to online elearning.	Comiva improves its onboarding quality, cost of training, and more by moving its onboarding online.
Customer support	Call support center to online knowledge bases and self-support portals.	Cardinal Health improves its customer satisfaction score, reduces time to resolved tickets, and reduces overall support tickets with self-help.

Examples of Digital Transformation by Industry

Industry	Digital Transformation	Real-World Example
Healthcare	Virtual visits, telemedicine, and patient portals	Brigham Health uses virtual visits allowing patients to schedule appointments online and conduct a screening via web video.

Hospitality	Online check-in, amenity booking tools	Harrish's uses online check-in for guests to skip the in-person process.
Insurance	Virtual quotes and online claims process	Lemonade uses an online portal for prospective customers to get instant quotes, as well as a portal for customers to file claims online – both using AI-powered technology.
Retail	Loyalty cards, e-commerce stores	Target encourages its users to download the Target App where it can reach customers through in-app and push notifications instantly, as well as creates a new stream of revenue with its online store

Digital twins support digital transformation because they facilitate experimentation and collect data that supports more informed business decisions.

2. Privacy

If you can't manage privacy, your digital transformation is destined to fail. As more digital solutions become available, organizations tend to jump on trends that offer more convenience. However, Gartner's research reveals that a large portion of consumers and employees are not willing to give up safety and security just for convenience. CIOs need to take privacy seriously. Employees and consumers won't support a transformation if they feel it violates their privacy or personal data security.

3. Culture

Resistance to change is a human instinct. When you ignore the cultural aspect of a digital transformation, you'll start hitting walls of resistance fairly quickly. In fact, 46% of CIOs say culture is their biggest barrier to change. Addressing culture ensures you get internal buy-in for your transformation initiative. When you have change leaders — vocal supporters of your digital transformation — you can use their voices to drive your initiative forward.

4. Augmented Intelligence

Augmented intelligence goes beyond artificial intelligence (AI), allowing humans and machines to work in tandem. AI's data collection and analysis capabilities far surpass that of a human worker. But augmented intelligence isn't about replacing employees with machines — AI collects and presents data in a way that allows people to augment their knowledge.

5. Digital Product Management

Gartner explains digital product management as the shifting of mindsets from projects to products. Those products must be designed to improve the customer experience and be delivered through digital channels.

Aspects of Digital Transformation

To successfully transform, keep the momentum of any initiative moving toward your ultimate business goals. To do so, continually address the main drivers of digital transformation: digital twin, privacy, culture, augmented intelligence, and digital product management.

According to Gartner, CIOs need to focus on these five areas to enable successful digital transformations in their organizations.

1. Digital Twins

Gartner defines digital twin as “a digital representation of a real-world entity or system. The implementation of a digital twin is an encapsulated software object or model that mirrors a unique physical object, process, organization, person or other abstraction.”

Digital product management is about knowing your industry and designing products that serve it. For example, instead of expecting the healthcare industry to align with Apple's offerings, Apple created a watch that monitors the health of the wearer. CIOs who focus on these five key drivers can stay ahead of their competition by constantly improving and growing their businesses

Digital Transformation Challenges:

Digital transformations fail for many reasons, but most issues can be linked back to one of three digital transformation challenges: people, communication, and measurement.

1. People

People can make or break your digital transformation. Remember: culture is both a top driver of digital transformation and one of the six pillars of successful ones. If you don't put enough focus on people and culture, your initiative is bound to fail. Sixteen of McKinsey's 21 keys to success in digital transformation involve people.

2. Poor communication

Announcing a digital transformation initiative is not the same as communicating with your team about it. Often, leadership simply mandates changes without taking the time to explain the why and how. If you don't provide specific and actionable guidance before, during, and even after a transformation, your initiative won't make it very far. You can learn more by reading our guide to change communication.

3. Lack of measurement

You can't have a successful digital transformation if you failed to define what success means to you. Companies sometimes assume they can monitor success based on the key performance metrics (KPIs) they've already established for their business. But if you're changing the way you do business, you'll need to set additional KPIs to monitor the effects.

Get Started with Digital Transformation:

A digital transformation strategy is a plan of action for introducing, analyzing, and driving a digital transformation initiative forward. Your strategy will define what business goals you aim to achieve through digital transformation.

An effective digital transformation strategy will create a framework for you to follow throughout this ever-evolving process. But before you begin, it's important to know what you hope to achieve so you can designate KPIs to track along the way.

For example, if you are migrating users from Salesforce Classic to Lightning, your high-level metrics for measuring adoption would be log-in rates, usage, data quality, and business performance.

In this case, you might drill down further and monitor metrics such as:

- Monthly sales volumes
- Opportunities created
- Sales productivity (e.g., time saved, volume of sales activity per rep)
- User log-in rates
- Prospect account with key fields populated

A well-thought-out strategy will also address how the transformation will affect your customers and your employees. Start internally by designating change leaders who will publicly support your transformation. Putting trusted change leaders in charge of announcing and supporting the transformation will help generate momentum. Regularly soliciting feedback from anyone affected by the change will also help keep the momentum going.

Don't forget to include your team's accomplishments as part of your progress tracking. Whether you're pointing out a quantitative achievement, e.g., a 10% increase in user log-in rates, or qualitative, e.g., Beth created a Slack group to answer questions about the transformation – celebrating milestones throughout the process is important.

Customers and employees alike will turn to the people initiating the transformation to gain the knowledge they need to be successful. It's up to you to provide the necessary tools.

Those tools may come in many forms, but if you're making a digital transformation, chances are, there are digital resources that could support your transition. Will you use e-learning tools for training? Could videos allow users to learn at their own pace?

Keep in mind that transformations are an evolution, so leveraging tools that can adapt quickly, like digital adoption platforms, could save you time and effort down the line.

Digital Transformation Trends:

Different types of transformations rise and fall in popularity as technology changes. Keeping up with trends is a great way to see how you can improve your own digital transformations and prepare for inevitable changes in your industry.

Right now, the hottest trends in digital transformation all tie back to one thing: creating a better customer and employee experience. Although many people, employees in particular, fear that some technology is designed to replace humans, great digital transformations involve technology that complements human work.

AI, Robotic Process Automation, 5G, mobile development, and personalized user experiences are all examples of digital transformation trends that aim to work alongside humans to do everything from improving communication to limiting repetitive work.

Digital Transformation and Digital Disruption

The COVID 19 pandemic forced many companies to adopt new business models based on digital solutions. The in-person collaboration came to a sudden halt. Businesses that survived discovered new, efficient digital workflows.

Digital transformation simultaneously requires businesses to adapt and enables them to do so. By embracing change, a business can keep up with an

evolving market and consumer expectations while addressing challenges specific to the pandemic.

Smartphones

Digital transformation disrupts established industry. Perhaps no other emerging technology has caused a more noticeable supply chain disruption than the over three billion smartphones in circulation worldwide. In effect, a smartphone is its own digital platform, having an impact on markets ranging from music to entertainment to transportation to photography.

For example, digital transformation has completely reworked every industry associated with photography. Embedded cameras nullify film manufacturing and camera sales.

Smartphone cameras have a virtually unlimited "film roll" and no need to develop prints.

The rise of social media has occurred in lockstep. Users can upload photographs immediately to the internet, driving the popularity of apps that use digital photos. Instagram, for instance, started in 2010 and now features users who share more than 40 billion images every day, according to the IEEE Digital Reality white paper.

Smartphone use has infiltrated other industries as well. In manufacturing, smartphones have enabled real-time monitoring of productivity, sales, and supply chain performance.

Internet of Things Advancements in Health Analytics

Beyond just monitoring, though, manufacturers have embraced digital transformation to predict and react. Retailers are learning to harness artificial intelligence to support data analytics. Smart devices can "talk" to the internet and connect with each other, a phenomenon known as the Internet of Things, or IoT. Complex sensors on these networked devices feed machine learning algorithms.

This modernization, part of what's known as the fourth industrial revolution or Industry 4.0, involves a transformation of the entire production line: supply

chain, distribution, and operations. Certain countries, such as Finland and Germany, have launched initiatives that encourage all stakeholders to rethink the entire manufacturing value chain.

These initiatives include friendly regulations, investment in infrastructure, support for research, IoT deployment and expansion, and fiscal support for participating industries. In short, Industry 4.0 uses digital technology to create a more sustainable, efficient business model.

II. CONCLUSION AND RECOMMENDATIONS

Digital is the way forward. Based on the above literature is very clear that organization failed to adopt the digital transformation lost the market share and out of the business. Business has to move where their potential customers are. Customers are started using digital platform to fulfil their needs and requirements. Digital payments, API and Smar Phone play a major role in digital transformation.

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