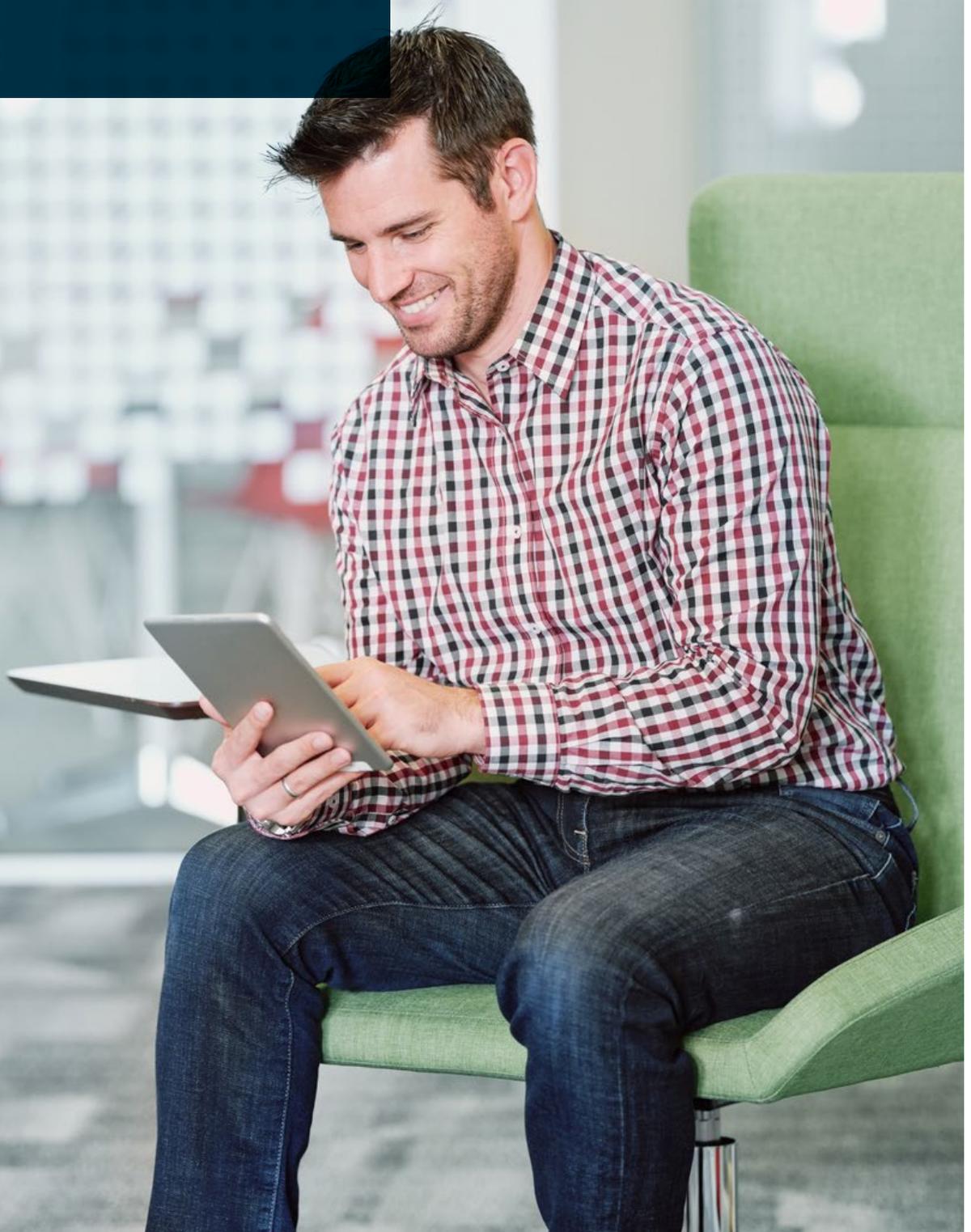


WHITEPAPER

# Digital Acceleration and Transformation



# How to handle digital transformation at “crisis speed”

Digital transformation has been on the corporate agenda for at least two decades. Technology has had an effect on every function in the enterprise, and boards have made steady progress in the digitisation of business:

- Thanks to the Cloud and SaaS business models, technology has become flexible and scalable to meet the needs of the modern business
- Where 15 years ago, the CTO might own a company’s technology programme outright, the skillsets in tech have also matured and split out – big businesses will have a CTO, CIO and CDO in-house; smaller ventures will buy in these skills from partners.
- And perhaps most importantly, companies have realized that they must deploy digital services not at their own pace, but at the speed of customer demand. The consumer has a smartphone and endless online choices; to remain competitive, businesses must meet that demand.

But just as corporate technology teams might be able to give themselves a pat on the back, along came the COVID pandemic.

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Above all, COVID has increased the pace of digital transformation. In the words of consultants, **McKinsey**: “Prior waves of digital transformation have included more opportunities for experimentation built around scalable, but carefully planned, pilots [whereas] ‘Slow, but steady’ doesn’t work, given the dynamics of a pandemic.”

**Computer Weekly** calls Covid-19 “the digital accelerator of the decade”, reporting that it has “accelerated companies’ digital communications strategy by a global average of 6 years” – practically overnight. This experience has been universal: the same survey says that up to 96% of UK enterprise decision makers noted that the pandemic had sped up their company’s digital transformation plans.

To achieve this, as with every other aspect of business during the early days of the pandemic, any traditional rules were thrown aside. A survey by US communications platform, **Twilio**, reports that the typical barriers to digital transformation – executive approval, a lack of time and budget, and the constraints of legacy software – were all removed. In fact, 79% of respondents said that COVID-19 had led to increased budgets for digital transformation.

# What are the priorities?

Interestingly, things have not entirely changed beyond recognition though. According to the [Harvey Nash / KPMG 2020 CIO Survey](#), the key digital project priorities for enterprise have remained largely the same:

Pre-COVID	Post-COVID
Improving operational efficiency	Improving operational efficiency
Improving customer engagement	Improving customer engagement
Developing new products and services	Enabling the workforce

Unsurprisingly, “Enabling the workforce” has jumped into the top 3 – it’s what we would expect given that this enablement includes not only remote working, but also access to office systems (including viable cybersecurity regimes), field service systems for those still visiting consumers and a whole range of other “ways of keeping the lights on”. Conversely, “Developing new products and services” has become less of a priority and dropped out of the top 3; as we face a recessionary market trend and, in any case, concentrate on delivering existing products and services in these changed times.

**However, those same changed times have made the first two priorities on the list ever more mission-critical. As cash in the bank becomes a key commodity for any business, cost-cutting and operational efficiency have become crucial.**

And whereas “Improving customer engagement” might once have meant achieving more digital touchpoints with more customers, that is now non-negotiable: when we can’t go out to meet customers, we simply have no choice but to engage digitally. As KPMG’s report says, “Customer engagement seems to be more focused on developing new channels to market, understanding consumer behaviour, and enabling customers to engage in a literal sense when not in person, as well as creating more and better relationships and digital experiences. Operational efficiency may also be defined in a whole new light as organisations seek to offset disruption or resource constraints with automation and lean governance models.”

# The challenges holding businesses back

The increased pressure to engage in digital transformation doesn't make it easier, though. There are several challenges.

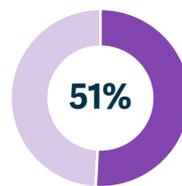
The most obvious is money. Many businesses have had to dig into their reserves to survive the COVID era; even those which are in good shape have seen their horizons diminish: predictability is in short supply and financial decision-making cycles are shorter. Budgets for digital transformation are tight. That said, as we saw above, smart businesses are biting the bullet and spending in any case. And transformation doesn't have to be painful:

- Many of today's trending technologies are low-cost and rapid to implement. Automations, for example are high on the current tech agenda, and demand little effort or prior preparation. Automation Manager, [Carl Nixon](#), writes "One of the simplest (and cheapest) forms of RPA (Robotic Process Automation) are online automation services like IfTTT (If This Then That). They connect applications (Office, Sage, File Manager, etc.) so if something happens in one application it triggers processes in other applications. They have been around for nearly 2 decades and have become very usable and easy to use over that time."
- Even expensive technologies are being 'platformised' – for example, it is the ambition of many players to make AI available as-a-service, in the Cloud; reducing the cost, timeline and commitment to getting a deployment live.

You may also be married to legacy systems, which feel like an albatross around the neck of the business: everybody knows that they have to be replaced eventually; yet you continue to work with them. For many, COVID-19 was the event which finally altered the economics to make change realistic. But maybe we shouldn't look at legacy and shiny new systems as a zero-sum game. [Forbes](#) notes that old and new together can be a powerful combination: "Perhaps the biggest digital transformation concern is how to integrate existing legacy assets with newly emerging technology tools. Most companies have invested significant time and money in their legacy programming, and they aren't willing to waste those when adopting the next big thing. What those leaders may be missing, however, is the capacity of digital tools to not only link up with legacy systems but also to leverage them into new business values and opportunities. For developers, the integration process involves taking existing capacities and enhancing them with new technologies to become bigger and better options than either the old or the new."



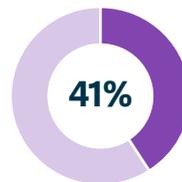
But the greatest challenge to effective transformation is human, not technical. A McKinsey survey reported in February 2020, just ahead of the COVID-19 emergency, “The most cited obstacles encountered in digital transformations are talent and culture issues.” Talking to top CIOs, those people challenges included (% of respondents):



**Skills gaps open up on traditional teams as top talent moves to digital teams**



**Cultural differences arise between traditional and digital teams**



**Traditional teams struggle to keep up.**

The answer to this very human challenge is the same for the upheaval presented by technological change as it is for leaders dealing with the upheaval of the pandemic itself: reiterating purpose. **Deloitte** reports: “Organisations that know why they exist and who they’re built to serve are uniquely positioned to navigate unprecedented change. While most brands are mulling over how to reposition themselves and best serve their stakeholders, some are positioned to remain steadfast in one key dimension – their purpose.” When you know why you do what you do, it becomes easier to do it in any circumstance or eventuality.

# How to forge ahead

The good news is, deep pockets are not the key determinant of success in digital transformation. Strategy is everything. The Harvey Nash / KPMG report continues, “Digital leaders are focused on acting like a world class technology company, even if they are not one. By reading the signals of change in the market and embedding emerging technologies before their peers, they are more agile, robust, and able to release products and services at market speed.”

## Key themes include:

- **The Connected Enterprise:** rooting out complexity and manual labour (especially paperwork or re-entry of data) are major themes for 2020. Smart businesses hunt for sources of data, ingest them once, and then use ERP or their enterprise platforms to integrate front, middle and back office functions in order to put that data to work. This is not necessarily a cue for new investment, but a call to focus on connecting the data streams you already own.
- **Keep it simple:** Complexity is the enemy of great tech; and smart businesses are aiming to do less (rather than more) and focus obsessively on users (not technologies). **McKinsey** writes: “This is perhaps the first global crisis in which companies are in the position to collect and evaluate real-time data about their customers and what they are doing (or trying to do) during this time of forced virtualization. Pruning activities and offerings that are no longer viable while aggressively fixing issues that arise with your offerings will help increase the chance of keeping a higher share of customers in your lower-cost, digital channels once the crisis passes.”
- Don't be afraid to **experiment and learn:** Nobody is saying that technology is free. But the days of big-bang digital transformation are long gone. Innovation today is piecemeal, incremental, and thus often comes with an attractively fast ROI. Similarly, mistakes are less costly and far-reaching. McKinsey again: “The abrupt shift to virtual operations and interactions, both inside and outside your organization, also provides an opportunity to accelerate your pace of learning about, and adoption of, technologies with which your organization might have only begun to experiment. As experimentation scales, so does learning. The rapid shift to digital can also reveal potential trouble spots with your organization's current technology stack, giving you a sneak preview of how well your technology 'endowment' is likely to perform going forward.”



But above all, don't put your head in the sand, even though there are budgetary and operational constraints. Consultancy **Deloitte** writes: "Our interviews with senior executives suggest that companies that will be negatively impacted the most by COVID-19 will be ones that simply try to 'weather the storm' and go back to old, established business models. In contrast, companies and individuals that will likely emerge from this crisis stronger are seeking to develop the digital capabilities necessary to thrive." And businesses have a crucial role to play in moulding the way forward. According to the **Harvard Business Review**, "Technology can be a boon to society if businesses and governments prepare and adapt. The pandemic has pushed societies to an inflection point where embracing technology is no longer an option but a necessity... With the right steps and actions, businesses and governments can take the crisis as an opportunity to build for the future."

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