

CIO

FROM IDG

MAY 20, 2020 | CIO.COM

FEATURE

Does digital transformation ever end?

The digital journey may be rife with timelines and launch dates, but the overall goal is much loftier: To develop an organization that is more responsive to change — not as an event but as an ongoing reality.



By **Mary K. Pratt**
Contributing Writer, CIO

As 2020 started, Sentara Healthcare averaged 20 telehealth visits a week.

Three months later, with COVID-19 rapidly spreading through the country and shutting down business as usual, the Norfolk, Va.-based nonprofit saw that figure explode, climbing to 14,000 a week through March and April.

IT was ready for that ramp-up, not because it moved quickly to implement new solutions specifically in response to the pandemic but rather because it was far into its digital journey and thus ready with “the capacities and capabilities to connect with the consumer in a digital way,” says CTO and acting co-CIO Jeff Thomas.

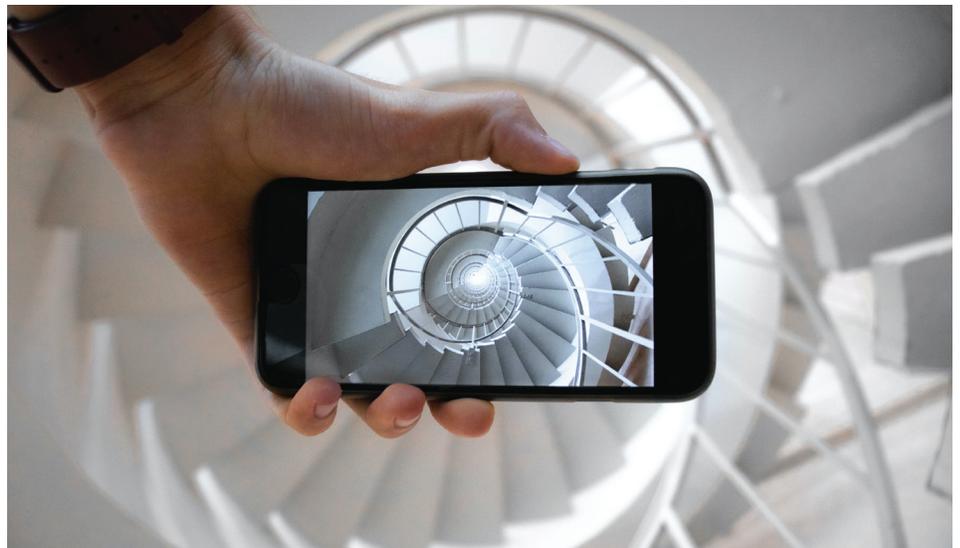
As such, Thomas says Sentara’s ability to meet such rapidly evolving needs wasn’t a test of its digital transformation but rather proof of it.

Yet, despite that positive performance, Thomas says there’s still plenty of work left on the digital transformation agenda.

“I don’t think the journey ends,” he says.

The unending digital road

Digital transformation has been the dominant theme of organizational



Simon Masault (CCO)

strategy for much of the past decade, with its roots dating back even further, to the late 20th century with the rise of personal computing and the internet.

Yet according to many surveys, most organizations aren’t the digital entities they seek to be. They still aren’t able to react quickly and smoothly to changing market dynamics, nor are they able to deliver a differentiated product or service or create a compelling customer experience to the degrees they want. Moreover,

even IT leaders whose organizations are well on their way to those goals say plenty of work remains.

This raises several key questions: As an organization seeks to undergo a digital transformation, how do leaders know when the organization has been transformed? How do leadership know when a digital transformation has succeeded, especially — as Thomas says — it never really ends? And how can it sustain such never-ending change?

The answers rest in how

organizations, executives and their employees think about and define digital transformation, say several leading authorities on the topic. Experts say organizations and their teams need to think of transformation not as a program or project with a start or end date, but rather a new way of operating.

"I believe digital transformation is a buzzword and it's been framed incorrectly," says Trent Mayberry, chief digital officer at UST Global. "Executives talk about engaging in digital transformation, and that's a good thing, but I believe digital transformation has a much loftier goal: to be more agile and responsive to change. The digital element is the tools you use to do that."

Falling short on DX

Some studies indicate that organizations are falling short of Mayberry's vision as well as their own digital transformation ambitions.

A 2019 report from software development firm Globant, entitled "Cutting through the Chaos: How to Bring Success to Digital Transformation Initiatives," found that 87 percent of organizations were pursuing a digital transformation initiative yet only 28 percent of the 300 responding U.S. enterprise decision-makers said that their organizations were innovative and possessed cutting-edge digital maturity. Just about half (51 percent) said their organizations are evolving but still feel outdated compared to competitors, while another 21 percent acknowledged that they're struggling to mature digitally.

Another survey uncovered similar results. The "2020 State of Digital Transformation" from IT service management company TEKsystems, reported that 90 percent of responding C-suite executives said their companies were fully embracing digital transformation. Yet 40 percent also said they're not satisfied with their organization's current reaction to digital trends.

Likewise, the "State of Enterprise

Digital Transformation" survey from cloud solutions provider AHEAD, released in February 2020, found that 93 percent of responding enterprise IT leaders said their organizations were undergoing digital transformation. But four in 10 (42 percent) said they were struggling to achieve success, noting that they were falling behind schedule or were seeing their efforts stall.

Mindset shift

Meanwhile, PwC in its "2020 Global Digital IQ" survey found that only 5 percent of businesses "are doing all it takes to get to payback from digital." In its survey of 2,380 executives around the world, PwC found that only 5 percent were consistently seeing digital investments generate returns and significant value in various areas, from growth and provides to customer experience.

PwC officials said the leading 5 percent share an embrace of change — not as an event but as an ongoing, everyday reality.

"We look at companies doing well and find that they're committed to constant change," says David Clarke, global chief experience officer at PwC. "It's a mindset change. Digital transformation is more of a DNA thing, it's more of how you operate, it's the idea that you'll never be finished, because you never know what the next great idea or technology will be."

Sentara executives say they share that outlook.

Sentara started its digital transformation several years ago, Thomas says, driven in part by an ambition to serve patients in the same way that leading companies such as Amazon and Apple do and "to connect the consumer to the provider in a more frictionless manner" whether the patient was in a hospital bed or in his or her own home.

It set about building both the infrastructure and the mindset that could respond quickly to market forces. For example, it's leveraging a hybrid cloud interconnection on Platform Equinix to transfer all

of its data into the cloud, enabling the secure connectivity to its data wherever it resides from wherever it is needed.

Such steps enabled Sentara to handle the dramatic rise in telehealth visits due to COVID-19. "If we hadn't built that connectivity, that pipeline between cloud providers, we couldn't scale that way," Thomas says.

Although Thomas believes that connectivity is one of the critical building blocks for transformation, he says he doesn't see it as an end point. "In healthcare the digital journey is just beginning. If anything, the journey is speeding up and it's driving us to do things differently," Thomas adds.

Traits of digitally transformed organizations

The PwC survey identified several characteristics of those leading digital organizations that made them successful, including a mandate for change, meaningful investment in support of their digital transformation, and initiatives to cultivate an innovative workforce and to build a resilient culture.

Similarly, the "State of Enterprise Digital Transformation" survey identified several indicators of successful transformation, including dedicated C-level leadership to ensure company-wide buy-in and a defined digital roadmap that embraces full-scale changes, DevOps, and IT infrastructure as a platform. It also noted the existence of efficient, intelligent and automated IT operations.

"Successful digital transformation is about how you do business," says Arthur M. Langer, academic director of the Executive MS in Tech Management program at Columbia University and author of Analysis and Design of Next-Generation Software Architectures: 5G, IoT, Blockchain, and Quantum Computing.

"In order to be successful, you have to be more accepting of change, and the CIO is the person best suited to take that on," he says. "So successful

CIOs are not only focused on the technology but also on the strategy and how to work with the business units to assimilate new ways in which people will work, how they use technologies, how to predict obsolescence of products and how to advise boards.”

Moreover, CIOs at digital enterprises do all that at ever increasing speeds as technology continues to emerge and evolve more rapidly, Langer adds.

To demonstrate the speed at which business needs to move today, he points to the viral growth of Pokémon Go, which took 19 days to reach 50 million users. Compare that to the growth of the radio, which took 38 years to reach that mark.

Such statistics demonstrate the need for CIOs and their organizations to not react to competitors but rather to stay ahead of the curve, Langer says.

To do that, CIOs need operational processes that can accommodate shortened technology lifecycles; can more quickly adopt emerging technologies; and can anticipate and address rapidly changing consumer expectations and needs as well as organizational risks, he says.

Experts acknowledge that organizations may have challenges sustaining that pace, particularly if they’re approaching digital transformation as one massive initiative after another.

“Change fatigue is very real,” Mayberry says. “The idea that I’m going to do Program A and then B and then C and I’m never going to stop that change, then that’s exhausting. But what if you build an organization that can change incrementally every day, where every day you’re getting better. That’s how business should work,

where transformation is constant minor degrees of change. These minor changes, these minor tweaks that occur every day, mean you can have major change in two months but you don’t get that fatigue.”

That, he and others say, is a sign of a digitally transformed organization that can continually evolve, instead of aiming for a fixed digital transformation goal post that doesn’t really exist.

Small changes, cumulative results

Joy Driscoll Durling, CIO of Vivint Smart Home, agrees with the idea that digital transformation isn’t an end state but rather a process to embrace, enable and manage.

“If you work for a company that desires to be a thriving company, then you’re constantly trying to raise the bar,” she says. “And any company that wants to be great is constantly trying to reinvent itself and is driven by customer expectations that are constantly changing.”

Durling has specific problem statements that are tied to company goals. She crafts short-term, mid-term and long-term goals along with articulated tangible business returns that seek to deliver on three objectives: growing revenue, better managing risk, and/or delivering cost saving/efficiencies.

“You’re really going after fundamental change, a change in the business model,” she explains. “It’s not small incremental enhancements but I don’t think it’s this one big bang either. It’s consistent bite-size changes that move you toward a standard north star, with the cumulative effect bringing you transformational change.”

Durling says her company’s north star is “redefining the smart home experience for customers, what it means to have peace of mind in the home,” saying as CIO she looks at “the full customer lifecycle as an opportunity to drive an enhanced experience.”

She sets specific milestones, prioritizing initiatives that deliver the biggest returns and measuring results to ensure teams are solving the problems they set out to tackle.

And she takes time to let changes work — to let users and employees adopt to the new technologies or processes — before moving to the next step.

“I am a big believer in making sure your tech investments can marinate. If we invest a chunk of change, we need to let it marinate to see if we need to put more money into it or if we change course,” she says. “You need time to sit and assess, to gather data and insights to act on.”

That approach, she says, has fostered continual transformation without overwhelming people.

“You have to be really clear on what problem you’re solving, how it aligns to your strategy and how you measure it. Because when you lack a clear strategy or alignment, you get this whiplash affect — go left, go right, go straight. That for sure creates fatigue in an organization,” she says. “But it’s not fatigue when you have a clear strategy and executive commitment. It doesn’t feel like churn, it feels like motivation, that we’re driving teams to specific milestones.”

Mary K. Pratt is a freelance writer based in Massachusetts.