

Digital vs. Enterprise Transformation

Article Series #5 – The Art and Science of Transformation

June 26, 2017

Digital Transformation

More than just Technology

Magic Bullets vs. Strategic Transformation

A fascinating, well-written article titled "Time To Accelerate Digital Capabilities In Life Sciences: Is Your Digital Strategy Road-Ready?" by Chris Zant, Principal at Deloitte Digital, Deloitte Consulting LLP, (full article can be found here: [Deloitte's Article](#)), shared by Dan Kinsella via LinkedIn, inspired us to share our take on what is "digitization" and "digital transformation".

Let's begin by saying that Zant's article provides a strong introduction for non-specialists on digital transformation. Our view reflects the challenges companies face when they decide to invest in digital technologies or create a Digital Strategy, but are not familiar with the intricacies involved in the execution and eventual deployment. Zant fails to warn the reader that adopting digital technologies is no different from embracing the other "magic bullet" technologies that took decades to deploy efficiently.

Our view, built from experience as corporate executives and global consultants supporting clients across multiple industries, is that businesses must avoid the pitfalls of branding a project or group as "digital" to create marketing hype. Companies who embrace enterprise transformation triggered by the need for digital transformation, experience revenue growth, cost savings, and enhanced customer and supplier relationships.

The catalyst that digital technologies provide in modifying a business model, to obtain the opportunities, may be a cosmetic solution and should not be viewed as a magic bullet or quick fix to structural issues. Putting a digital technology on a broken process will cause more problems and additional costs while creating quality degradation to the target audience. Enabling seamless and efficient customer engagement is difficult, expensive, and time-consuming. **In our experience, the biggest obstacle to achieving the expected benefits is the cultural change**, not the processes and technologies.

Digitization



Corporations' efforts focused on converting analog items into digital (i.e. digitization) even with a digital strategy, are performing a digital replacement for an analogy activity or subprocess. For example: "...using artificial intelligence to deliver timely patient services..." or enabling a car to pay for a parking meter using mobile communications through your cell phone based on GPS and IoT. These are taking a single activity or subprocess out of a manual effort and applying new technology tools to automate it. It is **evolutionary** at best and only if it works. For example, from 1995-1999, big businesses did not understand the internal impact of leveraging the Internet. Most companies put marketing materials on the web without expecting to perform order or transaction management until competition sprung up from unencumbered start-ups with no legacy business structures.

As Zant's article highlights, many companies believe that the digitization of an activity or subprocess is externally triggered, and hence, an externally focused transformation. Examples can include the discovery that competition is doing it or that there is a need to drive innovation to win over customers with a new app. Buried in Zant's article are brief insights worth pulling out. Internal requirements of a company to improve quality, improve the speed of addressing stakeholders' needs, and the need to be cost-effective are also catalysts. Below is an excerpt from the article introducing these internal requirements.

"...whether through using the Internet of Things to change the ways in which clinical trials are conducted and monitored, or in using artificial intelligence to deliver timely patient services..."

Digital Transformation



Failure is the Norm

So why are we writing when we mostly agree with Zant? We believe Chris' article is a strong introduction to Digital Transformation but lacks substantial information surrounding the ease and cost of execution to achieve the desired and expected benefits. He did not point out that a facade of inefficient processes and systems is where companies overspend on false starts, inadequately defined scope, and unrealistic deadlines. A partial, albeit flashy, solution often results in the failure to deliver the promised bottom and top-line impact. Project execution success is challenging enough without missing critical scope considerations, as highlighted by The Standish Group's [2021 Chaos Report](#) verification that 83.9% of projects fail to meet expectations. Our experience shows where Digitization meets business capability is where Digital Transformation must occur to achieve the promised benefits.

How do you know Enterprise Transformation is needed?

Our experience shows that digitalization meets business capability is where Enterprise Transformation must occur to achieve the promised benefits. As such, understanding technology and business models (processes et al.) at the enterprise and tactical level is part of the requirement for success. The third pillar is to define and implement a purposeful culture. These three pillars are not simple words often thrown out by consultants: People, Process, and Technology. Instead, each is a complex Enterprise Architecture definition and deployment effort. A Business

Architecture has ten major components. A Technical Architecture has five technical domains, and the Learning Architecture has a web of complexity related to learning tracks and learning agendas for each person while intertwined with Business Architecture to implement a high-performance and innovative culture purposefully.

Zant suggests the need for transformation early in the article and clarifies later as he introduces the impact on the organization as a whole (see the excerpt below). We agree with Zant on several points in this article, as other business leaders and consultants probably do as well.

"Now that advanced digital capabilities are gaining momentum among life sciences – in some cases sparking real transformation – leaders at these companies have to sustain it, guiding this momentum with care."

However, the overall impact on any given company appears to be where we differ from Zant. Our experience is that the transformation of an enterprise from analog to digital is more revolutionary than Zant highlights. Getting a business to become digital all the way through the organization requires a total re-architecting and redesign of the business, often referred to as Business Architecture. Business Architecture needs to focus on **how people think and behave**.

The biggest challenge of benefiting from technical transformation is NOT the new technology itself. It is the cultural change required to embrace and leverage new technology in ways that differentiate your business. We help change everyone's "mindset" and individual beliefs to affect the cultural change required to see the promised bottom-line benefit. IT-focused consulting firms concentrate on introducing a new application, technically innovative product, or service that causes functional or process disruption within the business, which results in upset or dissatisfied employees AND customers.

But AI Changes Everything, or Does it?

In referencing the AI patient service example used by Zant, consider that there are always more patients than medical staff in hospitals. AI might accommodate some priority levels, but the organizational structures, laws, and potential regulations in place for decades will inhibit AI decisions. This would require modifications to allow the AI system to call in specialist doctors, or those on vacation, that today require processes to validate requests for approvals to mitigate risks or unnecessary costs. The takeaway? Transformational technologies over the last 30 years have proven that without an updated Business Architecture the new technology will cost more and increase the risk of missing expectations.

Picture how the life science company referred to in Zant's article would measure the employees' performance related to clinical trials or those performing the regulatory processes during and after the transformation Zant highlights. Do those metrics and processes change once or twice? Is there a plan to evolve them thoughtfully ahead of the actual act of changing the clinical trials or regulatory processes? Did Zant overlook HR or legal (often involved in regulatory processes)? What processes in HR change, if any? Do the systems in HR have to change as well? Should the other business groups change to align with the new HR systems, processes, and metrics?

Does an AI-triggered change in the execution process of clinical trials require Marketing to explain to the doctors, patients, and scientists what the change is and the need for the modification before it can be deployed? How is innovation implemented when conceived and driven by an AI system? Is the traditional New Product Development (NPD) Stage Gate process still relevant? What other groups are impacted and how do you know and incorporate them? Over the last 24 years, the evolution of Business Architecture has been all over these topics.

What is Old is New Again

The creator of Business Architecture, Lawrence Dillon, said it was created to help companies scrutinize similar questions related to how to use the Internet and started with an Internet Strategy. Zant accurately points out that it may be time for a Digital Strategy, yet he abandons the point and does not introduce the difficult part - how does a company design the business groups and roll out that design so they can efficiently achieve the Digital Strategy goals and objectives? That is where Business Architecture comes alive.

Consider the other disruptive technologies expected to transform one part of a business and promised to be implemented easily. These include, but are not limited to laptops, EMR, Client/Server, World Wide Web, ERP, MRP, IP, FI/CO, Internet, E-commerce, Cloud, SaaS, Big Data, and mobile. Many of these are still driving transformations today. We believe that Digital Transformation needs to occur for companies to benefit from Digital technologies, including but not limited to mobile, big data, real-time product creation, and process automation. Where we disagree with Zant is that the transformation is not about technology, it is about business structure and cultural change to support what the new technology can provide. Without transforming how a company works, i.e., people and process, to embrace Digital, we will see and hear about Digital Transformation failures similar to the ERP and the Dot.com failures of our past.

Companies need to increase the speed of change to drive increased customer satisfaction, complicating the need for digital transformation. ENKI has helped architect, design, and deploy changes for small through Fortune 50 companies. We learned that even little functional or business unit changes intertwine with the rest of the enterprise. If you change only one of them, the ripple is felt everywhere and is often unknown or underestimated until it is too late.

Why ENKI LLC?

We quickly unearth the complexities and impacts and continually deliver iterative improvements in digital capabilities to keep up and pass the competition. We are the only company that combines experts in adult learning and organizational change management, real-world licensed building architects with experience in business architecture, and global technical architects for our clients' organizational transformation plans and projects that are designed to deploy change efficiently to achieve the strategic vision. We embed the knowledge of the touchpoints and interdependencies ahead of time to ensure cross-references and validations. Our approach, experience, and skills ensure a smooth transformation within the business to support the desired outcome. We are experts in technology and business. Our consultants have coined the terms Business Architecture and Learning Architecture. We are the only consultants on the planet that know what these really mean and hence are the only people capable of delivering them. We have run companies and created innovative technology. We have solved complex problems and can help your business because we have walked in your shoes.

ENKI is the key to your success.