Beyond the Horizon of Digital Transformation
In this essential guide:

Dive into the future outlooks of digital transformation from the views of CIOs, CTOs, and IT pros alike. Find out what a fully transformed enterprise should look like in 2020, and learn the steps that IT leaders are taking to get there as soon as possible.
Digital transformation initiatives reap business value

Katherine Finnell, Site Editor

Organizations that want to move on from a legacy communications infrastructure and break down application silos are turning to digital transformation strategies.

According to a survey from Nemertes Research, nearly 70% of the 368 IT leaders surveyed have a digital transformation initiative even if they don’t necessarily call it that. These initiatives include leveraging communications platform as a service (CPaaS) and application program interfaces (APIs) to embed communications into business applications.

Organizations are also looking to deploy cloud-based unified communications to further their digital transformation plans.

Organizations are developing digital transformation initiatives to improve business processes, customer service, speed of business and employee interactions, according to the survey. These key drivers create business value for organizations, whether it’s reduced costs or higher sales.

While many organizations are aiming for some kind of digital transformation, only a few are fully digitized, according to a study from Forrester Consulting. More than 50% of the 158 IT
Digital transformation initiatives reap business value
Six shifts that define enterprise digitization in 2020
Embrace milestones in your digital transformation roadmap

Professionals surveyed are behind “the maturity curve,” Forrester said, but their organizations expect to have all-digital workflows within the next two years.

Organizations that struggle to support digital transformation initiatives often lack a combination of three factors: budget, expertise and leadership.

“Bolt-on digital initiatives and legacy technologies perpetuate application silos that create barriers for efficiently completing work tasks,” according to the Forrester study, which was commissioned by Alfresco Software. “IT leaders will seek technologies that eliminate these silos in order to deliver the right information within the right application environment at the right time.”

But what does an organization with a successful digital transformation initiative look like? According to the Nemertes survey, successful organizations have a budget per employee and an advisory board or CEO to spearhead the initiative. Successful digital companies also engage IT and business units and include a marketing strategy controlled by IT or corporate leaders.

“The more successful companies invest more in technology overall,” said Nemertes analyst Robin Gareiss. “IT success is greater when you have digital transformation in it.”
Six shifts that define enterprise digitization in 2020

Andrew Horne, IT practice leader

Two-thirds of business leaders believe that their companies must pick up the pace of enterprise digitization to remain competitive. These leaders recognize that customer and employee expectations are increasingly shaped by digital capabilities, that new competitors are emerging with fast-scaling digital business models, and that many of their companies' most worrying threats are digital.

I regularly speak to CIOs who "just last week" had an executive committee meeting where digital was the main item on the agenda, or have been tasked by the CEO to set up a digital taskforce, or are already working hard to make one or both of those things happen. And that's the challenge: Every company is at a different stage in its understanding of enterprise digitization, and even within companies a leadership team might have head-in-the-sand Luddites on one side of the table and digital visionaries in need of a reality check on the other.

Before company leadership teams get dragged into conversations about specific technologies or start speculating about how they can be the "Uber of their industry," they first need a common perspective on the business, consumer and technology trends that are driving enterprise digitization, and consensus on which are most important for their context.
and which can be safely ignored. This creates the starting point for a business-led strategy that will yield much better results than chasing after the latest buzzwords.

Often, CIOs find themselves leading the way in creating this shared understanding. So to help, CEB has conducted a comprehensive analysis of the business model, consumer and workforce changes that will have the greatest impact on the digital enterprise by 2020. The trends point to six shifts that apply broadly across industries, geographies, customer types and operating models.

**Six shifts underlie enterprise digitization**

![Six shifts that define enterprise digitization in 2020](image-url)
1. **Demand grows more personal.** Customers today seek services that align with their preferences and values as individuals rather than segments. To meet the needs of personalization at scale, companies will rely on digital channels and digital innovations in product development, manufacturing, logistics, and customer service. However, these personalization initiatives will need to be balanced against customers' desire for simple, non-intrusive purchasing experiences. In fact, 85% of executives we surveyed said that simplifying the customer experience will be critical to success in their market by 2020.

2. **Products become information-rich services.** By 2020, companies in many industries will expand their efforts to deliver or broker information-rich services. Because of this, more companies will introduce subscription or bundling models and will build interfaces where customers can access combinations of products and services from their organization and other companies. The notion of brokering services and focusing on the interface is one of the most profound changes in strategy that will characterize the digital enterprise.
3. **Data reliance deepens.** As the amount of data available for consumption increases, customers, business leaders, and frontline employees will rely more heavily on data to make decisions. Access to data will help inform purchasing decisions but will pose a challenge to the speed at which consumers and executives take action, as the overabundance and uncertain validity of data make it difficult to reach answers quickly and correctly. Companies that fail to keep up with the information expectations of their customers will see loyalty decline.

4. **Work changes to reflect machines’ broader role.** As advanced automation becomes increasingly adaptable, companies will look to it for opportunities for efficiency and growth. Automation technologies have already changed the nature of work in less skilled activities but will increasingly replace activities that require higher-level skills. Where automation takes on activities previously performed by employees, staff will need to adapt how they deliver value and partner with technology agents by demonstrating greater judgment, creativity and flexibility.
5. **Internal and external boundaries blur.** The boundaries across companies, functions and roles will become more fluid in the digital enterprise. By 2020, cross-industry strategies will bring players in previously separate industries together and many industry classifications will need to be redefined. For example, some companies will operate as platform business models in which users can create value on the platform, bringing together consumers and suppliers (which is closely linked to the first shift).

Internally, more employees will need cross-functional skills to support new digital ways of doing business. All functions -- HR, legal, finance, operations, marketing -- will seek out analytical capabilities and technical skills and will need to reduce rigid functional boundaries to allow for more sharing of talent with these critical skills. Organizations will need to adapt to more flexible, independent ways of working to allow employees to build the careers they want to have.

6. **Everything accelerates (except large companies).** Incumbent organizations are having a hard time keeping pace with rapid change in customer demand and digitally native competitors. Increasing risk scrutiny, complex governance mechanisms and business processes, legacy systems, and extensive geographic variations all create delays for large organizations, yet customers and new types of competitors are moving faster than ever. In response, large companies will need to become more adaptive, developing the flexibility to thrive in uncertainty and avoid creating structures and processes that are optimized for any single end state.

Understanding which of these shifts are most important for a specific company is an essential first step in deciding how and where digitization will create the most business...
value. This is so important to business strategy that CIOs who facilitate this shared understanding are not just getting the proverbial "seat at the table," they are building the table and helping the CEO decide who gets to sit where.

In this monthly column, my colleagues and I look forward to exploring with you how real companies are changing taking advantage of enterprise digitization, and how they are making changes in the IT team, and more important, across the company as a whole.
Embrace milestones in your digital transformation roadmap

Brian Holak, Associate Site Editor

At the recent Gartner Symposium in Orlando, Otto Berkes, CTO at CA Technologies and former CTO at HBO, talked with SearchCIO about the importance of building a digital transformation roadmap. His first piece of advice for IT leaders? "Don't try to boil the ocean. Find some tangible wins that can create a virtuous cycle and reinforce [themselves] over time." Berkes emphasized outlining attainable goals and focusing on innovation, all while keeping the customer in mind.

Where should CTOs start when developing their organization's digital transformation roadmap?

Berkes: CTOs should really develop a clear view of the end state, the goals that they want to achieve over the span of, say, three to five years, and then work back from that and develop a very concrete roadmap with achievable milestones along that path.

What is a key technology investment that you've made in the past year and how is it helping you thrive in the digital economy?
A key investment that I've made in the past year is creating an internal, new product and new business incubation program that we call the CA Accelerator. And it's critical for us and really for any technology organization to carve out the space, the time, the resources and the support to foster new innovation that will help drive the business forward.

**How do you motivate your IT team to be innovative and collaborative?**

I encourage everyone in the technology organization to look at the results and focus on the results, and to really keep in mind the customer and the impact that they can make on bringing new value to customers.