# How Companies Can Approach Digital Operations for Successful Digital Transformation Initiatives

**Many companies today are looking at their business processes and making decisions on where to make investments in new technologies to adopt a more competitive posture in the marketplace. Mike Rossi, Senior Vice President for Vitria, addresses questions on how companies can identify the business case for digital operations that ties directly to their unique offerings.**

**The topics of digital transformation and digital operations can play a critical role in a company's success and survival, but what is the distinction between digital transformation and digital operations? How do you think we should best approach and understand those concepts?**

Let me begin by saying many companies that are interested in digital transformation and digital operations often dive into an initiative without a firm understanding of the business case. This can be expensive in terms of investment dollars, technology and people – perhaps most important is the cost of lost opportunity.

The concept of digital transformation – the idea of going digital -- has been a topic of serious discussion since the internet bubble. Companies choosing to go digital might take steps that include the development of a digital storefront or perhaps implementing digital marketing campaigns.

In contrast, digital operations focuses on the use of data to make better decisions within an execution window. So it's about using the data to drive better decision making so that organizations can react more intelligently to incidents and exceptions in the process of engaging with customers or in delivering a service.

There are numerous companies that use data effectively for planning purposes. This is a practice that companies have been incorporating for many years. But fewer companies leverage data to respond more intelligently during everyday execution. This is the area of focus for digital operations.

**Why would a company prioritize investments in digital operations over other forms of digital opportunities or digital transformation initiatives?**

We see digital transformation investments taking place in many areas. But I would separate these initiatives into three main categories.

- The first is the transition to online engagement from brick and mortar.

- The second would be using big data for discovery – where a company is using data to drive their strategic or planning functions.

- The third category is the use of data for more profitable business operations and everyday execution which is the digital operations initiative.

Many companies have made the leap into the first and second categories with the belief that these initiatives are critical requirements in today's competitive marketplace.

Collecting data and increasing engagement channels does help to enable improvements in customer experience. However, companies must invest in leveraging those assets to achieve better outcomes within customer interactions or delivery of their services. Without this step, the result is simply a more complex, data rich operation. The opportunity for securing value from transformation can be lost.

So for many companies, a dollar spent in the area of digital operations is likely to yield a better – or more quantifiable – return than an incremental dollar spent in the first or second categories.

**What is the process for best understanding that return on investment that you are describing? How is a digital operations initiative funded?**

That's an important question. The way that the project is funded, initiated and sponsored in the organization is a key component to its success.

Within operations many times the solution is to make the incident response lifecycle shorter, smarter and faster by utilizing data analytics and other digital technologies. However, you have to connect the benefits of the improved incident response lifecycle to quantifiable and measurable outcomes – like reduced OPEX, increased customer satisfaction or customer adoption of a new service.

For example, IP streaming or video companies are making decisions that support the delivery of the highest level of customer experience. They will consider rerouting service through some other part of the network if the service experience isn't optimal. In another example, a financial services provider may explore ways to break down silos of technology, applications, people and business processes by enabling digital tools and techniques to guide the window of execution of a customer experience that is more error-free, profitable and personalized.

One smart approach to funding these types of initiatives is to digitize operations by beginning with a single business function or service. This enables operations executives to measure results and create short sprints of self-funding roadmaps.

### You have raised the issue of metrics and quantifying ROI. What are some of the examples of different scenarios that lead to clear ROI tracking capabilities?

Well, the good news is that there is no need to invent a new set of metrics. Many times, companies hold the belief that they need to discover some magic in their data at the start of a project. However, if the metrics that are already in place are improving, then it is a strong indication that you're on the right track for a business case.

Often operations executives are already monitoring key performance indicators and metrics in the operational areas of service or offerings that their companies provide. We can begin by selecting a set of business metrics that a client is currently using. The key is to analyze the metrics before and after the digitization initiative. This illustrates the benefit of a smarter, faster, more automated incident response lifecycle that is enriched by data. The business case is further established by observing those measures and linking metrics back to the digital operations improvements.

### In combining processes that are already in place with new digital capabilities, what have you found is the best way to design and plan a digital operations initiative?

Typically, we begin by organizing around the customer engagement processes – the end-to-end services or sub-services. We then gather the data associated with the service from many different dimensions, and automate the entire process in order to digitize the incident response lifecycle.

Once the evaluation of all these data feeds is automated, we measure the data against the identified metrics in short sprints as the digitization initiative rolls out.

This establishes an analytic pipeline that offers operations executives a single source of real time truth. As the incident response lifecycle is digitized, it is a best practice to develop a set of starting analytic models and rules that run against the data.

For example, a company engaging in a digital operations initiative may regret spending $250,000 and 10 months on data science algorithms for a problem that potentially has no solution, but they won't regret putting some core competency in place and establishing that incident response pipeline. They won't regret learning how to operate and update the pipeline or how to increase their depth of data visibility to achieve measurable business outcomes.

### It appears that the focus on end-to-end operations should be driving decisions, and not getting distracted by all the interesting things that you can do with the data?

Yes. The critical first step is the collection and organization of data to attain a single source of truth. Operations executives know that running business operations without everybody on the same page or looking at the same data is painful. Moreover, in today's competitive marketplace if a company lacks real time visibility into their operational data, it's fatal.

Today, companies delivering a service need to increasingly leverage data sources including equipment, machinery, applications and network data to get to a single version of truth. In many cases the foundational step of aligning all available data – which is comparable and measurable – is skipped over. This often happens when companies are collecting data and trying to stand up projects that are not directed towards an outcome that is connected to a business case.

### So how does a company like Vitria engage with clients to design, deploy and maintain a system that's very complex and constantly evolving?

We help companies identify their unique business case for digital operations. This is foundational to bringing the necessary resources and dollars to these initiatives. We offer a complete, standards-based solution that aligns with the concepts and principles I have shared.

Vitria can help companies achieve a turnkey result through sprints that last 30, 60 or 90 days, and the customer will have the ability to develop their core competency on their own, or we can continue the process with them.