How Your Organization Can Drive Success in the Age of Digital Disruption
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Digital success isn’t just about technology, but a powerful combination of strategy supported by technology.

Organizations that fail to innovate may face the stark reality of becoming irrelevant. Digital technologies have empowered organizations of all sizes, helping them reinvent to become faster, smarter and more responsive. However, these technologies have also caused widespread digital disruption.

The champions of disruption are often young tech companies like Amazon, GrabTaxi, Uber and Airbnb, which have digitally disrupted the markets they play in, redefining how business is conducted.

Such disruption is not just from technology. For example, financial institutions are grappling with competition from financial technology (fintech) companies and nontraditional players. For instance, e-commerce player Alibaba in China has ventured into the personal finance space with its Alipay payment app.

Besides the disruptions from new players and technology, another challenge is to build digital businesses in a much more compressed time frame than in the past, when organizations had the luxury of taking several years or more to complete large IT projects.

“To achieve digital nirvana, IT organizations will need an IT backbone that is agile, intelligent, resilient and able to accommodate the accelerating progression of digital technologies and tools that are on most companies’ IT roadmaps, or could appear from left field at a moment’s notice,” says Vijay Francis, Senior Director at Cognizant Digital Systems & Technology.

Today, digital leaders will be those organizations that have digital strategies that are tightly integrated with their businesses, and that can steal a march on the competition with digitized businesses that are nimble and responsive to changing business requirements.

Organizations need not be victims of disruption, but can emerge stronger if they can reinvent themselves and act in a timely manner. The good news is that many industries—led by print media, retail, transportation and technology—are still in the early days of digital disruption.
“Every (growing) enterprise, regardless of age or industry, must become ‘digital native’ in the way its executives and employees think, what they produce and how they operate,” says Frank Gens, IDC’s chief analyst. 

IDC expects that by 2020, 50% of the Global 2000 will see the majority of their businesses depend on their ability to create digitally enhanced products, services and experiences.¹

This focus on digitizing IT is supported by the results of TechTarget’s 2017 IT Priorities Survey, which revealed that IT managers place a priority on investing in new technologies like cloud services and mobility. At the same time, the survey also found that organizations in both Europe and the U.S. suffer from a lack of budget growth. Only 39% of European respondents had an increase in IT budgets for 2017, while in North America, the bigger the company, the more likely budgets get cut.²

A way forward for digital transformation

Organizations that want to thrive in the digital age need to fundamentally change the way they do business and how they embrace technology. Over the years, organizations have accumulated a sprawl of systems and pockets of nonstandard, “zombie platforms” adopted to meet short-term needs.

“These systems have made it difficult for IT to effectively manage operations and meet service-level agreements,” says Prakash Hemdev, Senior Vice President and Global Head of Strategy and Marketing at Cognizant Digital Systems & Technology.

While digital businesses are focused on integrating digital technologies like mobility, Internet of Things (IoT), analytics and cloud, true transformation is achieved with a clear digital strategy supported by leaders who work to change the culture, business processes and how their businesses work, along with a simplified digital technology infrastructure.

“A simplified digital backbone not only meets the perennial need for lower costs through reduced staffing needs and vendor consolidation,” says Francis. “More strategically, it also enables a lean and flexible organization that can deliver innovative products and services more quickly and efficiently to drive business growth.”

An overarching digital transformation strategy needs to be enabled by a three-prong strategy: simplify, modernize and secure IT.

No. 1: Simplify IT

Successful companies unlock value with efficient IT, where they simplify their IT infrastructure by rationalizing and consolidating their applications and platforms. One example is to identify non-value-added processes and reduce waste by leveraging Lean and Six Sigma methods and IT process engineering.

Another approach is to streamline processes and reduce manual intervention through virtualization and automation of repetitive and low-level tasks.

No. 2: Modernize existing IT

Technology is a core component of a next-generation digital strategy, and it needs to provide organizations with an IT architecture that is the foundation for faster and more flexible deployment of products and services.

To build a nimble and agile technology core, IT leaders must collaborate with business leaders to identify the legacy systems that need to be updated or retired, and which processes and operating models need to be changed. For example, to increase the speed of digital transformation, identify the systems that can be migrated to the cloud.

No. 3: Secure IT

Critical to success is resilience against cyber threats and other vulnerabilities. Organizations can mitigate these risks by employing threat intelligence, security analytics, and private cloud and device security.

Fundamental to strong IT security is user education and cybersecurity that is built into the different business systems. Manage risk more effectively, and address legacy system vulnerabilities by fortifying IT, enhancing your security framework and bolstering resilience against cyber threats.
Five building blocks of a next-generation digital model

There are five strategic focus areas, organizations should hone in on for their digital transformation journey: legacy hardening and transformation, core modernization, cloud enablement, security and digital engineering.

- **Legacy hardening and transformation.** Organizations need to constantly think about how to run better on efficient IT. This could mean hardening legacy systems to make the most of current systems, while saving time and money. Typical approaches for this include consolidating redundant legacy systems, simplifying existing processes, automating existing application delivery to customers, and leveraging smart operations to integrate application and infrastructure support.

- **Core modernization.** Core IT systems can be digitally transformed by replacing legacy systems with modern systems and architectures (microservices), and large-scale automation for business process transformation. Cognizant recommends a modular and incremental approach to modernizing the core, one that can minimize risk and optimize benefits, and allows businesses to transform themselves while operating as usual.

- **Cloud enablement.** Leaders should identify which systems should be migrated to the cloud to speed up the deployment of new products and services and reduce maintenance. This can be done with highly specialized accelerators and tools and agile infrastructure. This can be approached through cloud migration, cloud-based platforms, and maintaining cloud-based apps.
• **Security.** Leaders need to focus on structural and organizational issues and build cybersecurity into the organization—from securing all the IT systems to changing user behavior. Cognizant offers security services as a stand-alone offering as well as wrapped into its other offerings.

• **Digital engineering.** To complete the switch to make digital an integrated part of the business, use digital engineering to build a digital culture by leveraging digital strategy, digital experience and software engineering to turn insights and imagination into software for the digital economy. The aim is to bridge the gap between designers and engineers, and provide next-generation domain and engineering expertise on a single platform.

As the pace of digital disruption increases, companies not participating will be at risk of being left behind. By focusing on the strategy of simplifying, modernizing and securing IT, and delving into the five strategic technology areas outlined above, businesses are assured that they are on the path to achieve digital transformation, without having to disrupt the crucial services their existing IT systems provide.

This structured approach—backed by a focused strategic plan and robust frameworks, coupled with Cognizant’s rich experience—has successfully helped clients with their transformation journeys.

**ABOUT COGNIZANT’S DIGITAL SYSTEMS & TECHNOLOGY**

Cognizant Digital Systems & Technology helps clients create, evolve and transform applications, platforms and infrastructure to meet the needs of the modern enterprise—unlocking value in legacy technology environments, adapting to the speed of change and ensuring the integrity of the IT core. To learn more, contact us at simplify@cognizant.com. You can also visit us at www.cognizant.com/cognizant-digital-systems-technology, or email us at Inquiry@cognizant.com.

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