

Digital Business

Plotting a Course for Digital Business: A Structured Approach

By taking a structured approach to digital transformation, enterprises can rest assured that the platforms, applications, and processes that underpin their business will be adaptable, flexible, and ready to deliver on the promise of digital.

Executive Summary

There is no doubt that digital platforms, processes, and applications are rewriting the playbook for companies and institutions across industries. According to a recent Gartner survey,¹ 72% of IT and business respondents agree that digital business has accelerated the pace of change and the emergence of new technologies, with spending on digital business averaging more than 11% of the organization's revenue.

In this high-stakes environment, speed is critical. At the same time, companies must justify the underlying business need. Without a comprehensive analysis, the legacy platforms, enterprise applications, and business processes that support an enterprise can be compromised. During the initial stages of digital transformation, complexities and turnaround times can increase, and weaken the links that connect people and systems back-to-front. Objectives can cloud — creating uncertainty and placing more pressure on project teams to define functional requirements, stay on schedule and on budget, and meet the expectations of the business, its partners, and its customers.

To avoid these pitfalls, we recommend that companies prepare to answer the following questions:

- What is the best way to approach our digital initiative?
- Have we taken sufficient measures to avoid time delays, close functional gaps, and address potential cost overruns?

This white paper explains why some digital initiatives fail or come up short, and how a step-by-step approach can help companies achieve their IT and business objectives while keeping costs and timelines within project parameters.

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Kick-starting the digital journey

Many enterprises scramble to kick-start their digital initiatives, primarily due to a lack of clarity when selecting the right IT platform and applications, and setting performance benchmarks. We advise companies to take a structured, four-step approach that can avert these issues and deliver expected outcomes with more speed and precision:



Understand the application landscape

The most common mistake that project teams make when determining the scope of a digital initiative is to limit their focus to applications that connect directly to the end consumer. What they fail to consider is the impact of back-end and legacy systems that support and inform the overall customer experience.

To fully understand their application landscape, companies need to perform a baseline assessment of their current IT environment, taking into account heavy-duty enterprise applications as well as business-process systems. In this way, project teams can deepen their knowledge of how these assets connect and interact in the context of supporting short- and long-term business goals.

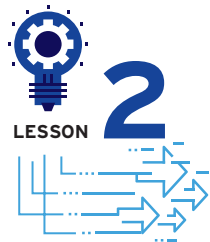
Next, companies need to make sure that every aspect of the enterprise – from technologies to people – is prepared to transition to digital business before pushing the “start” button. Sufficient mechanisms and checkpoints must also be in place to assure that the initiative doesn’t overreach and test the limits of legacy systems.

We recommend a top-down approach for onboarding digital applications – starting at the business-process level then drilling down to enterprise applications and infrastructure. This tactic allows organizations to align their business and IT objectives, which will have a direct impact on the customer experience.

Cognizant’s Digital Readiness Framework helps steer our clients’ digital journey by performing a digital assessment and developing a digital readiness index (DRI) to assess their current digital maturity – enabling them to gain and sustain their digital momentum.



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Perform a digital assessment

We advise companies to develop a blueprint of the applications and business processes that will become part of their digital initiative. This task requires a structured assessment of the current application environment – making it possible to:

- Identify business processes that are critical to the enterprise and are candidates for digitization.
- Map current applications (back-to-front) to the above.
- Check for interfaces that cut across multiple business processes, third-party apps, etc.
- Determine the complexity of each process area; use external service providers with expertise in certain business processes or application sets.
- Confirm that the digital blueprint aligns with the overall business environment, as well as with data flows within the enterprise.
- Gather input from customers/end users to help prioritize digital projects.

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Develop a digital readiness index

Steps 1 and 2 help companies prepare a digital readiness index, allowing them to confirm the focus areas of their digital initiative: (See Figure 1).

- I **Adaptive:** The flexibility and “maintainability” applications need to undergo change with less lead time.
- I **Industry-focused:** Applications and processes are geared to support specific industries.
- I **Secure & compliant:** Applications satisfy regulatory and security standards; can quickly and seamlessly adapt to new requirements.
- I **Zero maintenance:** Focuses on improving business outcomes by reducing application maintenance costs and eliminating effort and work to achieve a “fail-proof” state.
- I **Intelligent analytics:** Dramatically increases the volume and speed of data that can convert to useful and relevant information.
- I **A better user experience:** Enabled by digital applications that “hyper-personalize” customer services and experiences through multiple channels and devices.
- I **Anytime/anywhere access:** An essential requirement for users transitioning from single-channel to multichannel environments.
- I **Smart business processes:** Business rules and workflows are configurable, based on a company’s current needs. These processes can be managed by business users since change management is not the sole responsibility of the IT organization.

Once parameters are defined and weightage assigned to each one of them, the Digital Readiness Index (DRI) is calculated at the business process level. Sub-processes can be aggregated accordingly.



Focus areas for digital initiatives

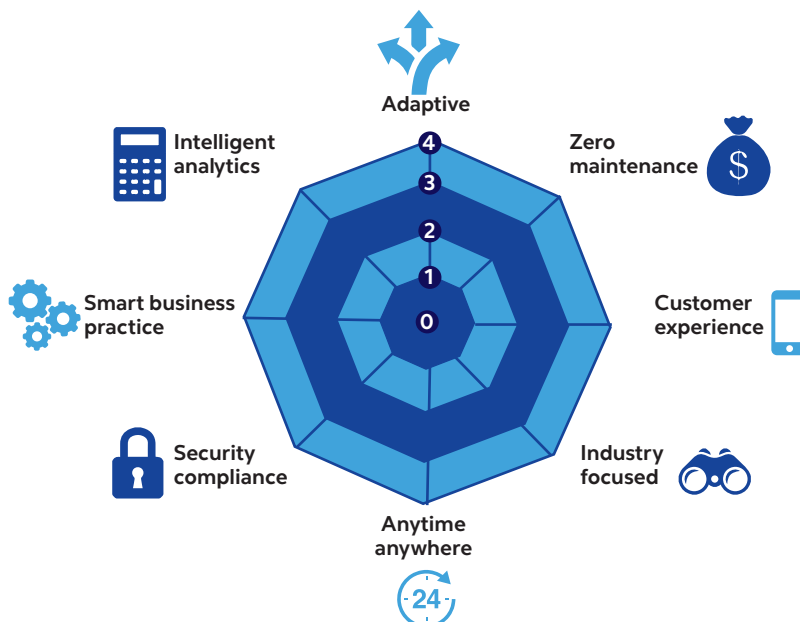


Figure 1



Prioritize digital projects

The Digital Readiness Index gives organizations a reasonable idea of the processes that will be easy to digitize, as well as those that will be more challenging. However, the index is only a checklist. Business priorities – and the overall value that digitization is expected to bring to the enterprise – must also be considered, and processes categorized accordingly on a scale from Tier 1 to Tier 5 – Tier 1 being the highest priority and Tier 5 being the lowest.

It is important to develop a digital roadmap. Some businesses may choose to digitize processes that are less challenging; others may decide to proceed with digitizing a critical application that is more complex as far as digitization is concerned, but more crucial to customers.

Sustaining digital momentum

Becoming a digital business requires significant investments, plus a willingness to take on and execute numerous projects, including modernizing legacy systems quickly and precisely. Achieving and sustaining optimal levels of digitization is as important as assuring digital readiness. Cognizant’s Digital Readiness Framework helps businesses move up the digital value chain using a four-step process, as illustrated in Figure 2.

Digital readiness: Moving up the digital value chain

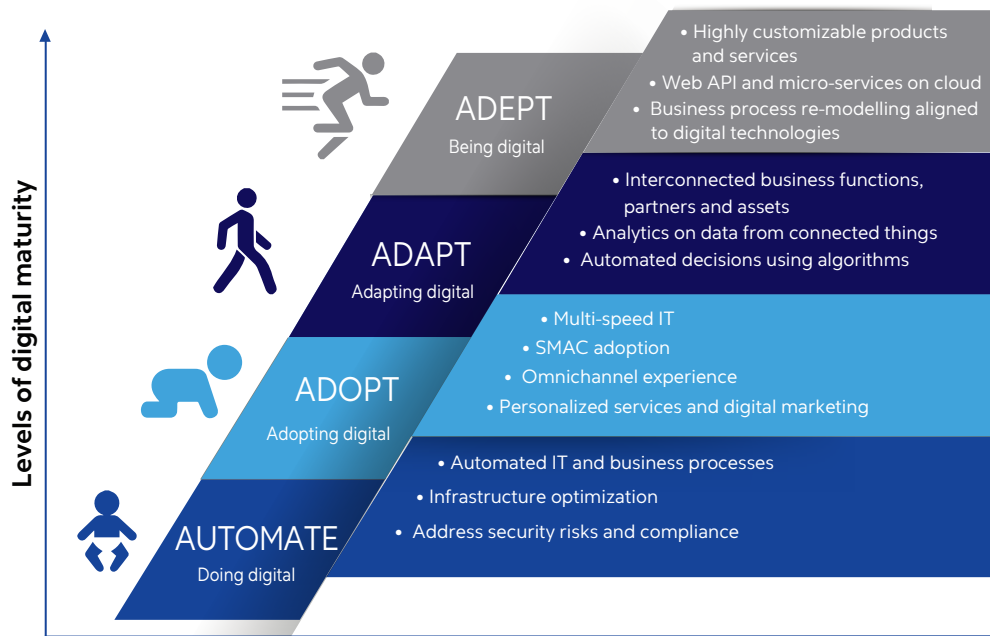


Figure 2

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Quick Take

Strengthening Connections & Increasing Channels

A global pharmaceutical company wanted to extend its reach by establishing better connections with physicians and consumers and maintaining their loyalty over the long-term. Although the company provided patients, physicians, and caregivers with online access to health trends and products, there were inherent challenges. Physicians were unable to access medical journals and research materials online. Patients looking for information on physicians, health plans, hospitals, and prescription drugs had the same problem. The company lacked a platform for connecting physicians and patients and was limited to how far it could extend its marketing reach to consumers.

We developed a transformational roadmap from the company's digital assessment, which indicated the areas and capabilities the company needed to focus on:

- I **Adaptive** – Agility, change management, micro services, and virtualization.
- I **Zero Operations** – Artificial intelligence, connectivity, virtual assistants, business outcomes, IT modernization.
- I **User Experience** – Multi-device support, hyper-personalization, user interfaces, branding.
- I **Anytime/Anywhere** – Omnichannel presence, social media, networking, and API management.
- I **Security & Compliance** – Regulatory, identity, access management, and cognitive security.
- I **Smart Business Processes** – Configurable business rules, application sourcing, and business innovation.
- I **Intelligent Analytics** – Descriptive, Diagnostic, Predictive, and Prescriptive.

The scores were plotted on a spider chart that assessed the digital maturity and readiness of the company's IT portfolio, business processes, and applications. (See Figures 3 and 4, next page).

Assessing digital maturity

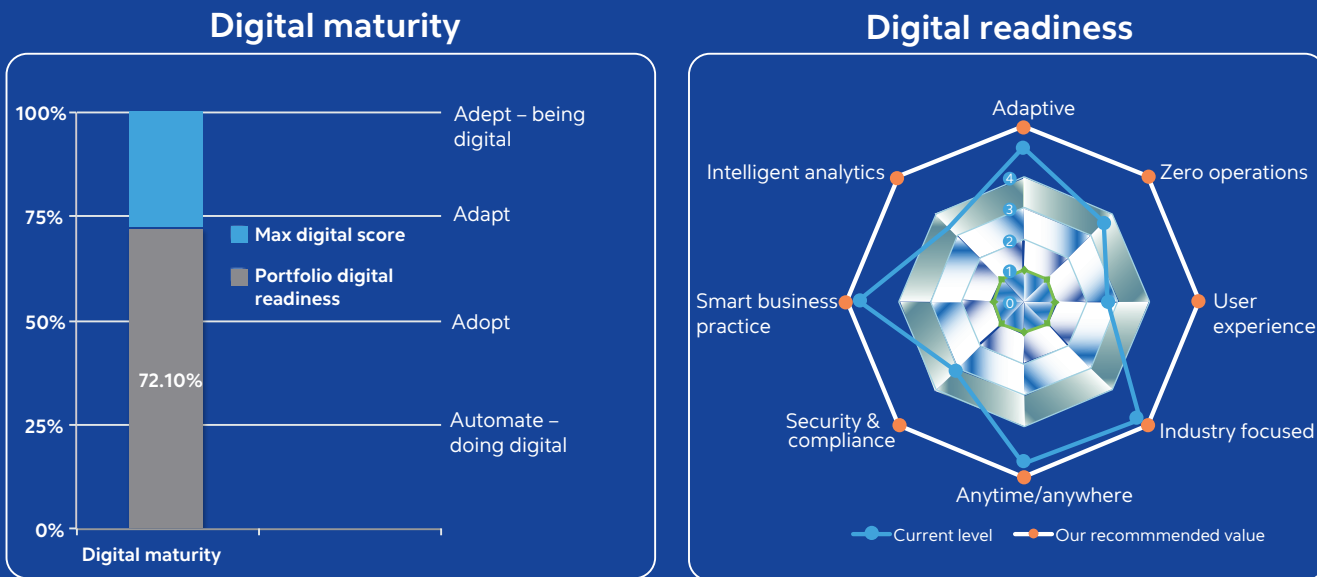


Figure 3

Digital maturity enablement

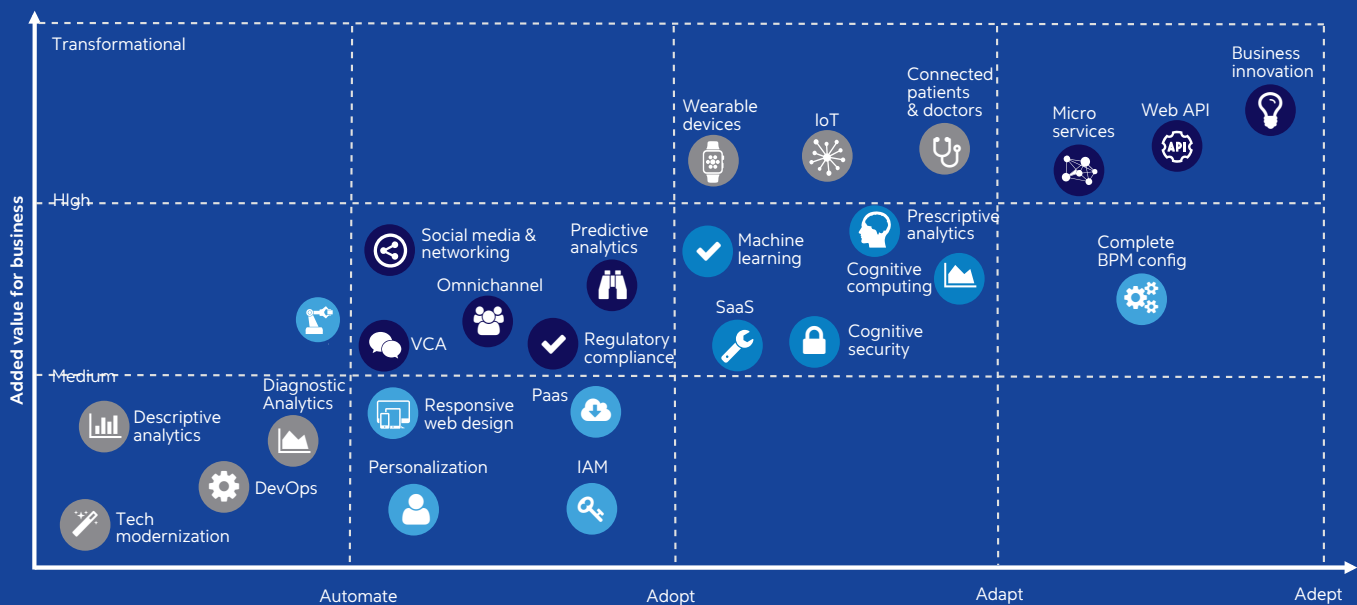


Figure 4

Looking forward

We recommend that enterprises start their digital transformation with an assessment of their IT and business environments, including legacy systems and processes supporting back-end systems. We also advise companies to take a top-down approach to their digital initiatives – considering the business processes and objectives that impact the customer experience, then identifying and aligning applications and infrastructure components accordingly. Companies should create a Digital Readiness Index that identifies the key requirements of their industry. A digital transformation roadmap that confirms the objectives of the initiative is invaluable, and helps companies stay on track.

Endnote

- ¹ Digital Business Service Success Driven by Alignment to Business Outcomes, Gartner, March, 2017. <https://www.gartner.com/doc/3651117/digital-business-service-success-driven>

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