

# THE ENTERPRISE DIGITAL JOURNEY

softserve

# DIGITAL TRANSFOR- MATION

**It's time to stop talking about the "Digital Transformation". In today's intensely competitive global landscape, companies should instead plan for a continuous "Digital Journey".**

Recently, SoftServe commissioned market research which yielded extensive insights into the way businesses respond to digital today. In the summer of 2018 over 700 businesses in the US and EU were probed with regard to how brands are adapting to the disruptive forces of the digital era, what business needs are driving change or disruption, what technologies are critical for the future, and more.

Today's businesses—whether small, medium, or enterprise—are faced with a constant stream of disruptive forces, not least of which is the accelerated pace of the connected and truly global digital economy.

Well-known brands close down seemingly by the week; online banks and financial start-ups challenge long-held norms in business. Multinational companies with 75+ years of successful track records are increasingly put under pressure by venture-backed start-ups across Silicon Valley and beyond.

Those seeking to survive and thrive are right to seek out opportunities to be more digital. Yet the landscape is incredibly complex and overwhelming—peppered with vendors who tout the latest technologies and strategies, yet fail to deliver.

To make matters worse, managers are bombarded with broad-scale marketing and advertising programs encouraging them to "Move the Market with AI" ([Accenture 2017](#)) or to leverage AI to assist in "Empowering Innovation" ([Microsoft 2018](#)) or to partner with a firm who will assist clients to "Be Digital. Be More." ([Infosys 2017](#)). Instead of forming a point of view on how these technologies can move the needle, corporate managers are left scratching their heads, with nothing more than catchy ad copy.

Perhaps the most contentious of all of these modern marketing messages is "Digital Transformation".

## A digital identity crisis

“Digital Transformation” has been in wide circulation since 1999, coined by Kevin Ashton of Procter & Gamble. And while the term seems quite fashionable and current—it is not.

The term “Digital Transformation” is both ubiquitous and damaging.

Ubiquitous because no one seems to really understand what Digital Transformation means in itself, there is a never-ending conflation of definitions associated with the term and an inherent implication that “Transformation” is a one-off event for those who undergo it.

Damaging because leading consulting firms refuse to articulate what is needed for success in today’s digital economy. This causes inaction on the part of corporate managers, ultimately rendering those businesses obsolete as the speed of digital accelerates.

At no point does a firm’s claim to be “100% digital” translate into understanding true business pain points or concerns for clients. Even consulting firms are overreaching on marketing messages that trumpet technological advancement, rather than solving the real business problems of the digital economy.

This paper argues that consulting firms are failing enterprises as companies make the leap into the digital economy of the 21<sup>st</sup> century. Rather, digital firms will only be able to successfully advise clients on the way forward through a comprehensive understanding of enterprise market forces and challenges.

Further, it is no longer good practice for firms to either advise or provide solutions for clients—they must do both. Firms that design, develop, and deliver clients’ business outcomes will see the greatest degrees of success in the short-, medium-, and long-term.

## The Digital Journey

Indeed, in order to advise and provide, we must cease using the term “Digital Transformation” and rather take a continuous perspective on the **digital journey** of clients.

**Competition is so fierce in today’s global landscape, that leveraging cutting-edge technology and deploying new business models is not a one-off pursuit, but rather a continuous journey of constant iteration and refinement.**

For greater insights on this topic, SoftServe commissioned a study (July 2018) of 703 decision-makers across Financial Services, Retail, Healthcare, Media, and Software companies in both the United States and the European Union to determine where managers (and their respective companies) are in their digital journeys. We also asked respondents to rank, in priority, their top five (5) business pain points with a view to understand what would be best addressed with a digital solution.

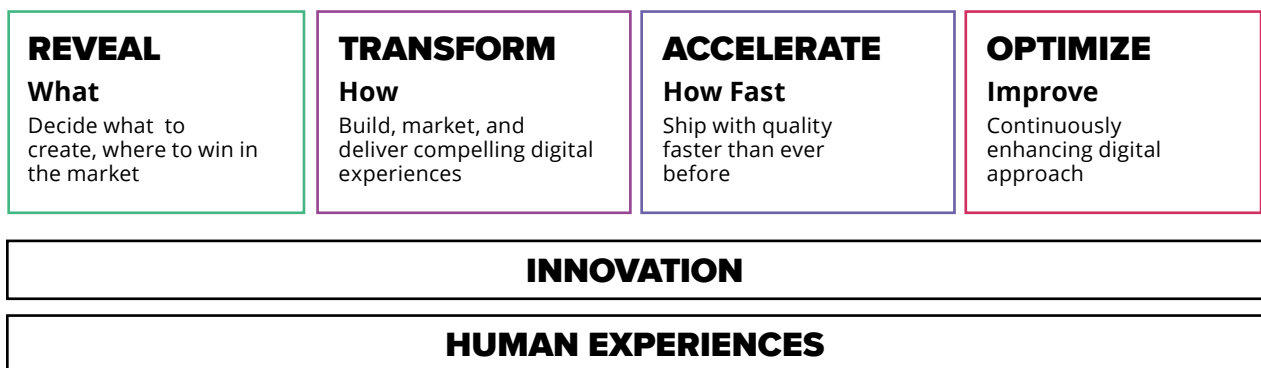
Finally, we probed further to learn what technologies might be viewed as “critical” for future-proofing business, as well as key decision factors when selecting a firm to assist in beginning—or continuing—the digital journey.

With advising and providing in mind, let’s take a look at the alternate view to Digital Transformation—the Enterprise Digital Journey.

## The Enterprise Digital Journey

In order to address client needs, we must first understand where clients are in their digital journey. To achieve this, we asked these 703 respondents to identify with a series of eight (8) statuses that can be mapped to four journey states, they are:

- **Reveal** – for clients who are unsure where to begin or how to compete and who are looking for assistance in (re)identifying their market position<sup>1</sup>
- **Transform** – for clients who have a point of view on where to begin, and need assistance from this point forward<sup>2</sup>
- **Accelerate** – for more digitally mature clients who are confident in their direction and need expertise in delivering prescribed solutions<sup>3</sup>
- **Optimize** – for advanced clients who have realized one or multiple digital solutions, and need assistance in calibrating or future-proofing recently launched applications or architectures to reidentify differentiation in the market<sup>4</sup>



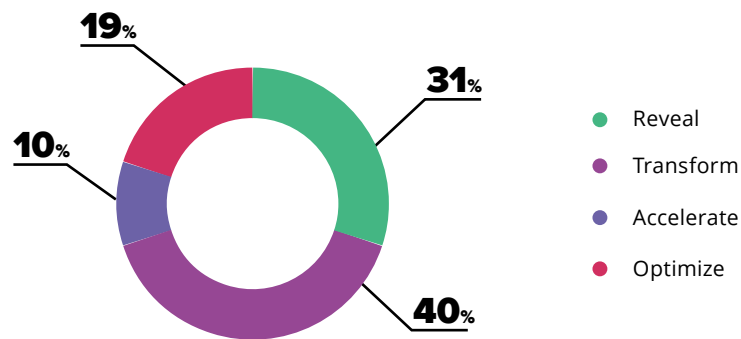
1. Those who indicated “Have started evaluating various options” (17%) and/or “Are ready but unsure where to start” (14%)
2. Those who indicated “Have developed a strategy & implementation plan” (13%) and/or “Have developed a starting point but no implementation” (14%) and/or “Have examined its [digital] impact on business processes and culture” (13%)
3. Those who indicated “In the middle of implementing transformation” (10%)
4. Those who indicated “Have undergone the transformation” (10%) and/or “Have transformed in one or more divisions” (9%)

Articulating the stages of the enterprise digital journey is one step in assessing the state of today's enterprise digital economy. To better understand the market, we need to learn where enterprises are specifically located in their individual journeys.

## You are not alone: Most businesses are in the early stages of digital

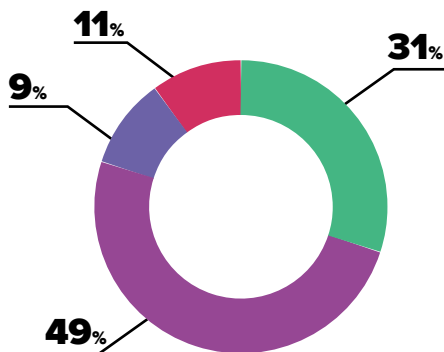
Our study found that the vast majority (71%) of respondents globally identified with the two early stages (Reveal and Transform) of the enterprise digital journey, which clarifies the state of the market.

### Enterprise Digital Journey States

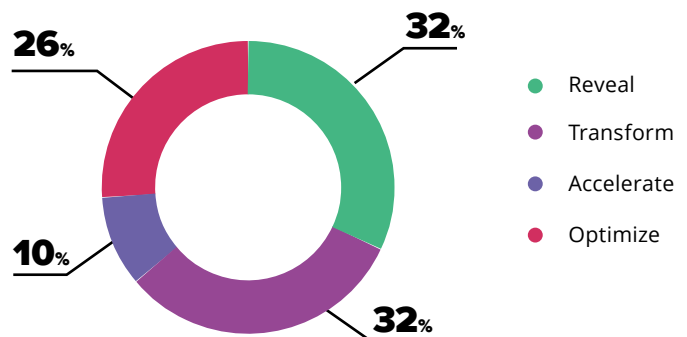


Enterprises in the United States show indications of established digitization<sup>5</sup>, while European-based companies have defined a point of view through their own assessments (including any impact on business processes and/or culture) yet still seek guidance on implementation or “where to go next.” It is worth noting that while companies in the US indicated a higher affinity for Optimize, Transform was still the dominant result. Therefore, we conclude that while there are nuanced differences, both markets are decidedly in the Reveal and Transform stages.

### European Union Enterprise Digital Journey States



### United States Enterprise Digital Journey States



5. 26% of respondents in the United States identified with having transformed in one or more divisions

6. 48% of respondents in the European Union identified with questions linked with the Transform journey stage and 31% in Reveal (the first two stages)

Yet, understanding where the market is on a macroeconomic level is not enough. The study further asked respondents to identify and prioritize five business pain points that could be solved by digital solutions.

## Digital Challenges Differ By Vertical

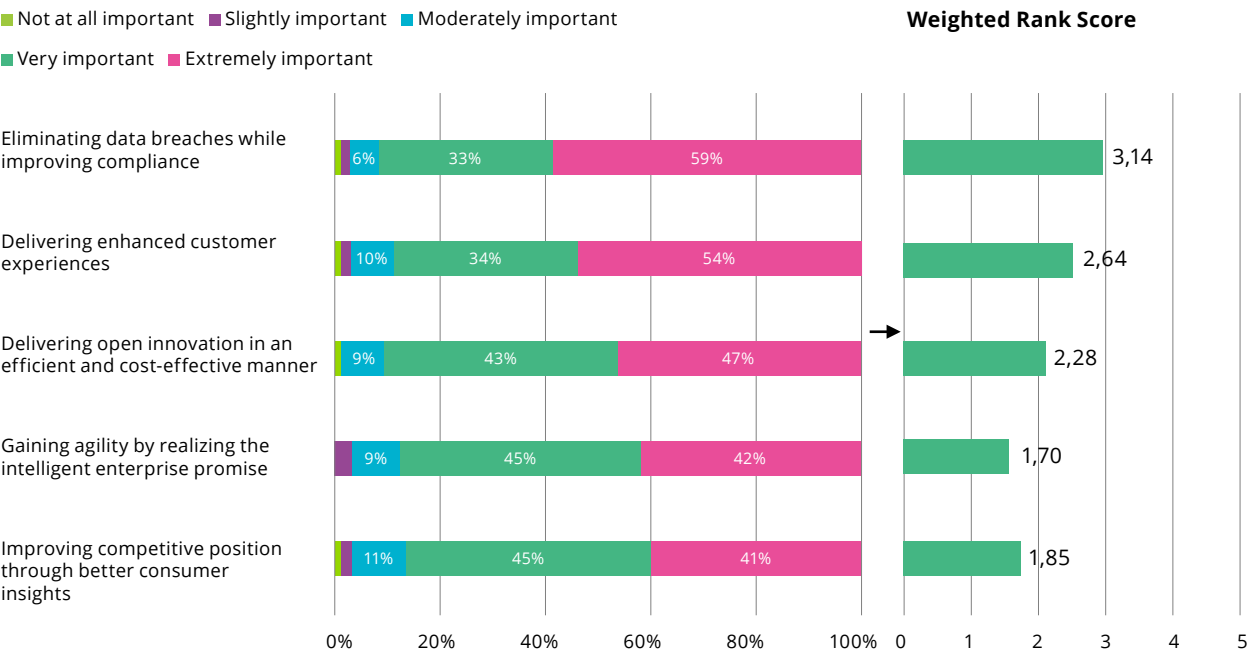
### FINANCIAL SERVICES

Unlike leaders in the FinTech space, much of the electronic systems and infrastructure used in Financial Services dates back to the 1960s and 1970s . Retail banks, insurers, and payment services will all benefit from first instilling confidence in the security and resilience of their systems. Delivering enhanced experiences and open innovation for customers will be essential to meet consumer demands for on-demand banking services.

Respondents indicated 36% are seeking insight on what to create and where to win in the market (Reveal), while 42% currently have a point of view on where to begin.

In Financial Services, the leaders of tomorrow must embrace change: updating legacy systems to enable AI and ML, biometrics, and blockchain/DLT; focusing on customer experience to ensure a seamless and frictionless digital journey across all touchpoints.

*“You need to consider how agile the solution is and how well they help us serve our customers. You should also consider how well the software integrates with other software that we use.”*



7. [“Banks face spiraling costs from 50-year-old IT”](#) (Financial Times 2017)

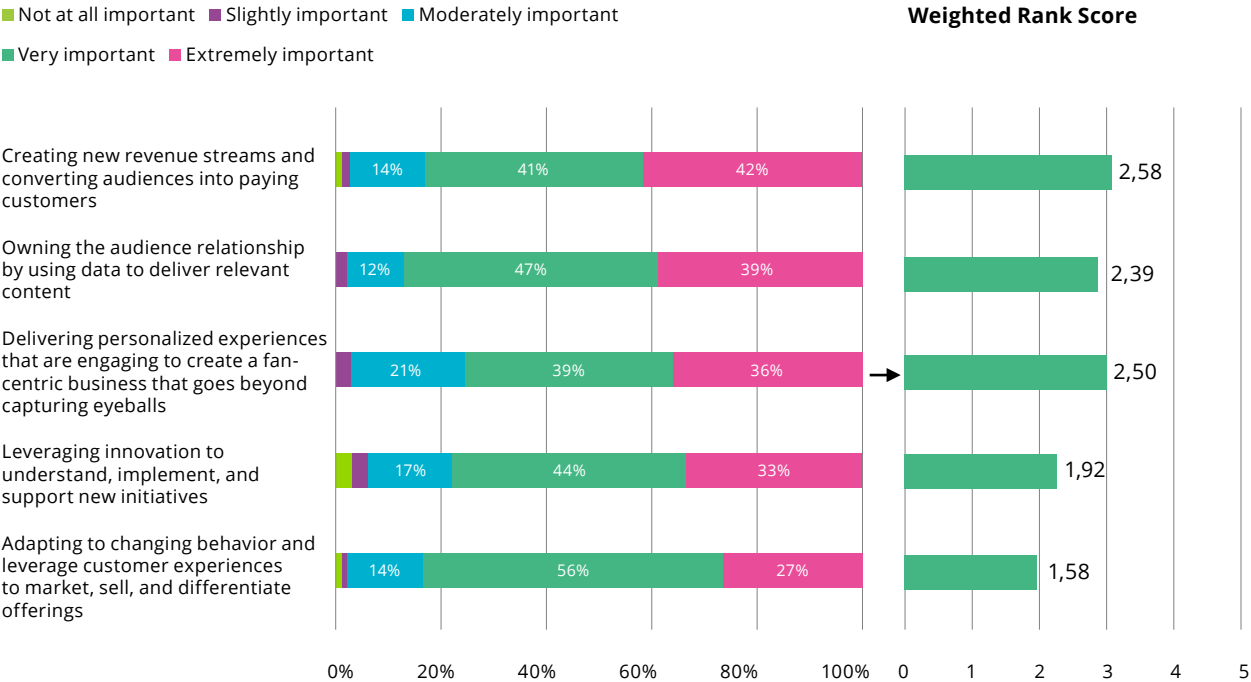
# MEDIA

Media is widely acknowledged as an early adopter of digital solutions. However, the industry itself has a great deal of runway ahead in creating new revenue streams, owning the audience, and delivering personalized experiences.

This vertical saw the most respondents cluster around 49% at Transform—having a point of view on where to go next, which implies a more mature sector with a defined roadmap for the future.

In Media today, it's all about delivering personalization using big data and machine learning. Future-facing media companies will embrace these bold new technologies to evolve customer-centric services, creating customized and seamless multi-channel experiences for advertisers and audiences alike.

*"The digital customer experience had redefined the way businesses and their customers interact. Whilst it has undoubtedly revolutionized the way many people approach their buying, there are still organizations that are yet to fully embrace the phenomenon and understand fully the multi-touchpoint sales funnels that customers now expect."*



# RETAIL

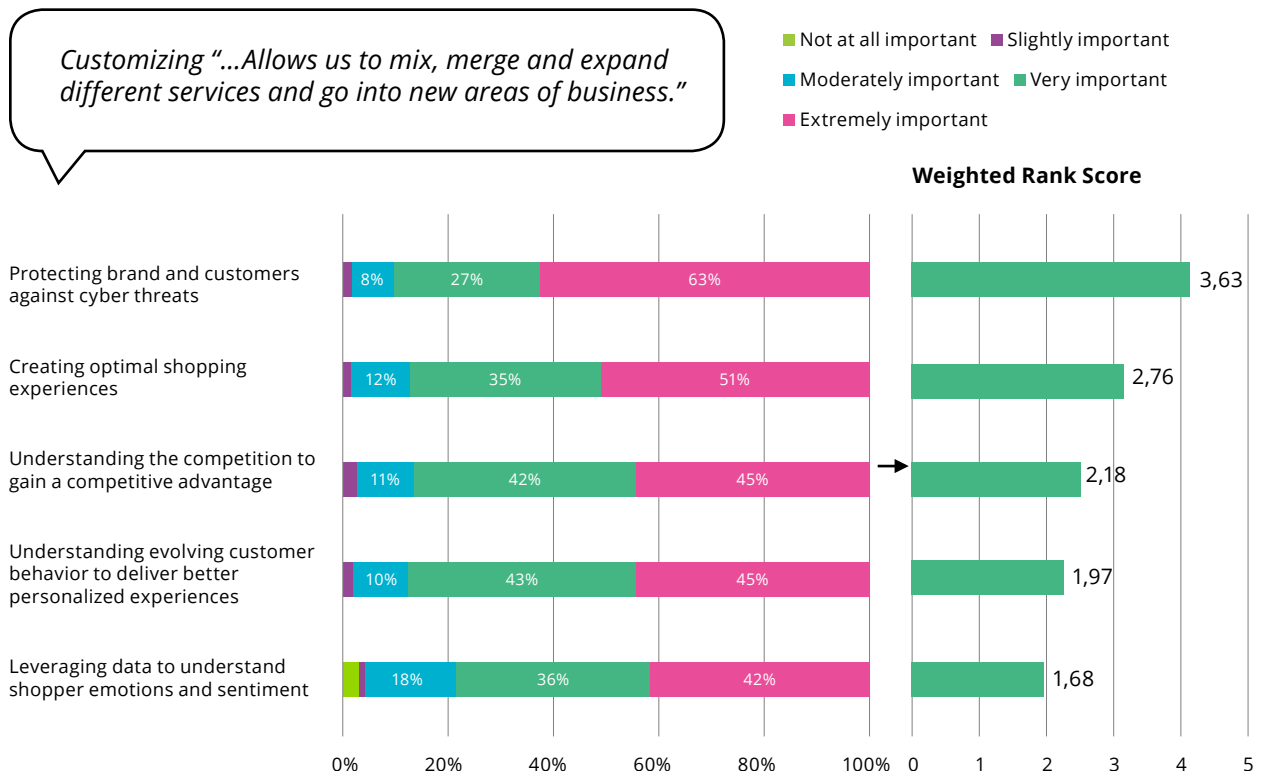
No industry is facing such an alarming rate of high profile market failure as Retail. Most will point to Amazon or other online vendors who have more than disrupted brick-and-mortar, yet all retailers must evolve to the changing habits of today's (and tomorrow's) consumers to stay relevant. Put another way, if a retail organization is not on a digital path, all evidence suggests it will soon fall by the wayside.

Respondents also indicated protecting brand and customers against cyber threats as the top concern above experience and other business needs, due to the damage a breach can cause a retailer (or any company, for that matter).

Creating the optimal shopping experience and understanding the market to gain a competitive advantage came in second and third, respectively, while understanding evolving customer behavior (to deliver better personalized experiences) placed fourth. Surprising, given that understanding the market is a prerequisite to effective competition—and knowing where to go next is even more essential for surviving today's competitive retail landscape.

Retail respondents indicated 32% in Reveal and 37% in Transform stages (respectively).

In Retail today, it's all about leveraging big data, AI, machine learning, and eventually AR, VR, and MR for a more personalized customer experience across all channels. It's about evolving brick-and-mortar storefronts to match digital expectations, and retaining trust with better security.





# HEALTHCARE

The Healthcare industry is ripe for acceleration in the new digital economy. Legacy systems, thousands of disparate data sources, complicated national legislative requirements, and other conditions present an incurable state of affairs amongst payers and providers. Meanwhile, consumers are more digitally savvy and demanding by the minute. Healthcare organizations are right to prioritize improving the care experience through the latest technologies, as well as transforming patient and member journeys via a connected health experience.

Respondents indicated 29% Reveal and 43% Transform stages, with a noticeably high market for Optimize (17%) suggesting systems need to be continuously improved.

Healthcare payers, providers, and life sciences companies are investing in the future of the connected health experience, bringing together IoT and wearables, and creating cross-platform opportunities to share more data than ever before. These future-proofing technologies not only deliver a more seamless experience for the patient, but also improve healthcare overall while lowering costs and waste—to the potential tune of millions in savings annually.

*"Privacy issues [are key]... we are looking for secure options that also meet regulations."*

■ Not at all important ■ Slightly important  
■ Moderately important ■ Very important  
■ Extremely important



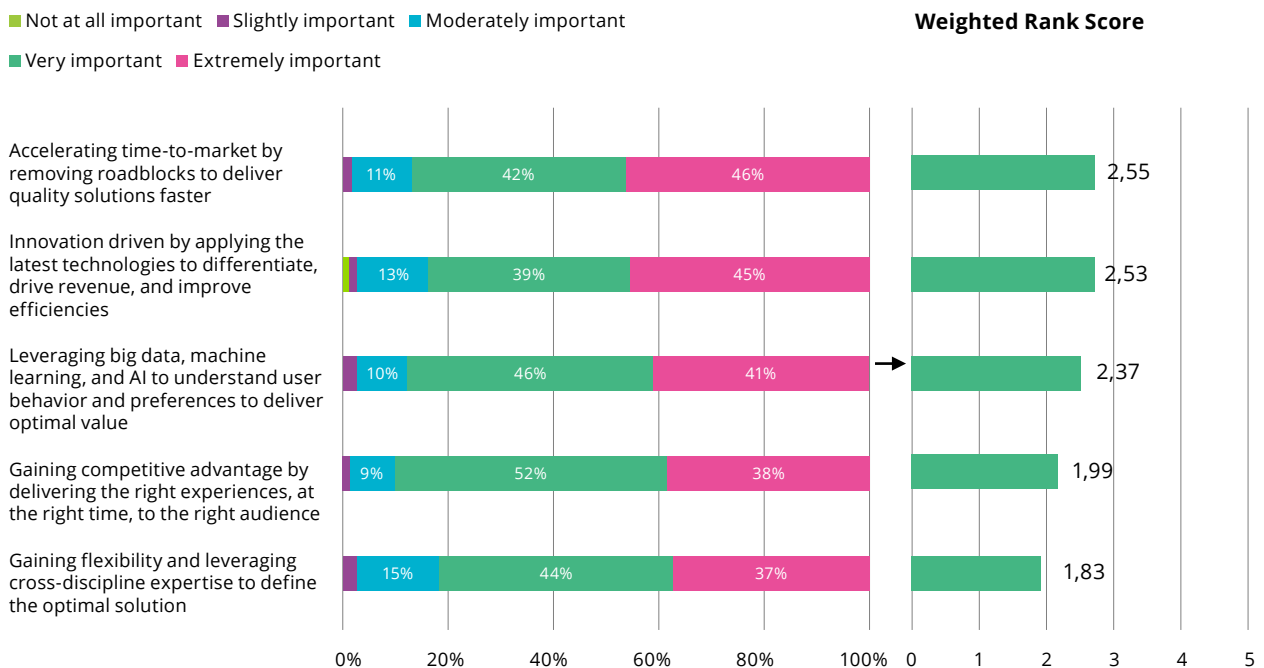
# SOFTWARE

While these companies may be more technologically savvy, they still require guidance on how to accelerate time-to-market and to lead with innovation. It's not enough to leverage big data, machine learning, and AI; software and ISV companies need to understand user behavior and preference in order to become and remain competitive.

Respondents indicated 38% Reveal, 31% Transform, and noticeably 24% Optimize, suggesting these managers acknowledge their efforts in delivering digital but require the most assistance out of any industry to optimize platforms and solutions previously built.

In Software, it's all about accelerating time-to-market and driving innovation using tools like SoftServe's Innovation Platform, DevOps, and other solutions to build a culture of innovation within companies, enabling faster delivery than ever before.

*"Data security [is crucial]. A company that is constantly vigilant and updating their security policies and methods to ensure client data is as secure as possible. Trust in a vendor is paramount."*



Creating any digital solution relies on an understanding of the client's digital journey stage, as well as his business needs. And appreciating the technologies required to refine business models and systems, that is, to assist those in the Accelerate and Optimize phases, is essential in future-proofing any business.

## The most important technologies for the future

Our study asked respondents to rank the importance of 17 of the latest, cutting-edge technologies. Unsurprisingly, cyber security, big data processing and analytics, and cloud computing came in as the top three across all decision-makers.

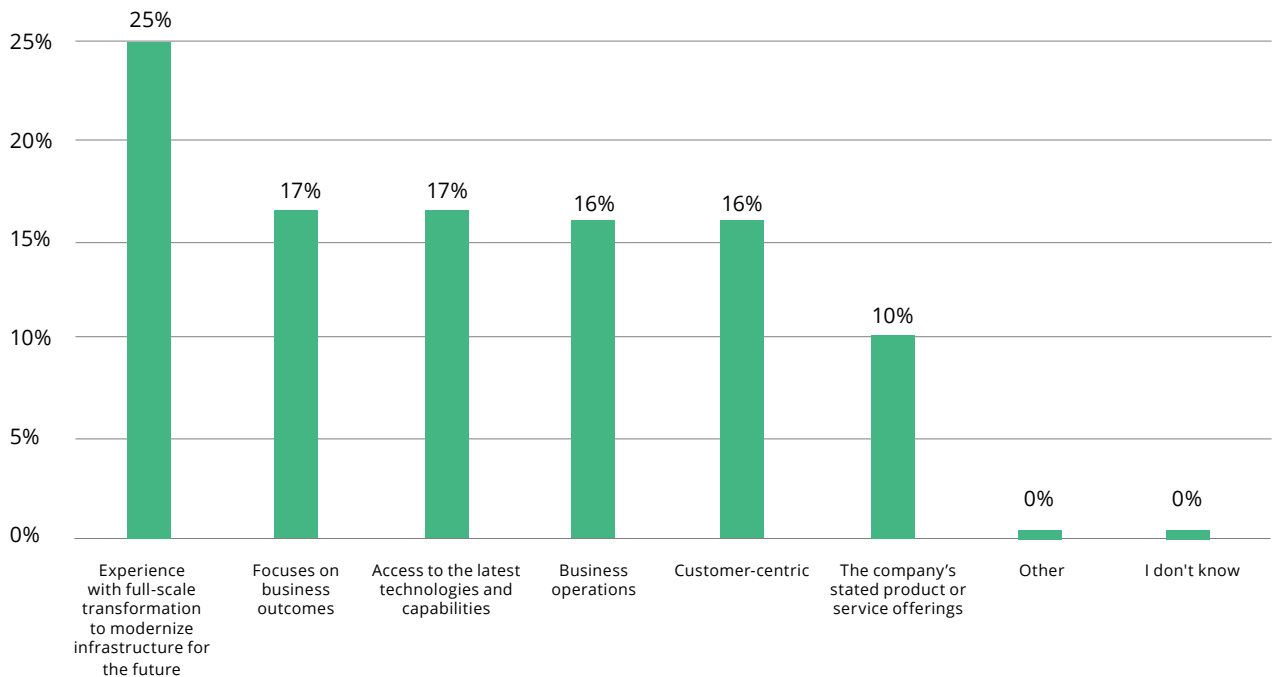
Most notably, half (50%) of respondents indicated that hybrid clouds are an essential cloud computing technology in the context of their businesses. The top three industries that view hybrid clouds to be essential are Retail (61%), Media (56%), and Software (54%).



## Five questions to ask your digital firm before diving in

- What experience has your firm had in leading digital with other businesses like ours?
- Are you focused on business outcomes?
- Do you have access to the latest technologies and capabilities, including the talent to deliver?
- Are your business operations robust?
- Are you a customer-centric organization?

When asked, respondents indicated that, when selecting an advisor and provider to guide them through their enterprise digital journeys, the top three most important decision factors were: experience with full-scale transformation to modernize infrastructure for the future (25%), focus on (client) business outcomes (17%), and access to the latest technologies and capabilities (17%).



In this white paper we've argued that there is no one-time "Digital Transformation" for companies, regardless of size, global reach, or sector. In fact, the term causes more harm than good for corporate managers in the midst of disruption and changing market forces.

Instead, to survive and thrive in today's intensely competitive global landscape, digital consulting firms and businesses alike need to think about a more continuous Enterprise Digital Journey. By understanding the needs of end users and customers (and the significant benefits technology brings), companies will not only keep pace with, but anticipate and maximize the disruptive forces that certainly lie ahead.

At SoftServe we deliver exceptional digital solutions for some of the world's most reputable brands, no matter the stage of digital journey. [Contact us](#) for more information on where to go next.

## ABOUT US

SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across healthcare, retail, media, financial services, software, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation—from generating compelling new ideas, to developing and implementing transformational products and services.

Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy. No matter where you are in your journey.

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