

Who's Thriving and Who's Just Surviving: How Does Your Transformation Measure Up?

Regional experts tell how accurately gauging your change process can mean the difference between thriving and declining.

Consumerization of IT is shaking up the marketplace. Organizations are driving radical transformation shifts to survive in the hypercompetitive digital environment. Four technology trends—mobility, social networks, cloud, and internet connectivity—have propelled disruptions in virtually every industry. The Internet of Things is poised to drive more disruption, as physical-world activities are more comprehensively digitized and captured. The resulting data will fuel deeper analytics, heightened predictive capabilities, and more astute decision-making.

And while this dynamic has upended the customer-enterprise power calculus, it has also dramatically reordered the marketplace ecosystem. The cost curve of product development has spiraled downward. Prototypes can now be modeled digitally, constructed with a 3-D printer, and market-tested in the cloud. Then they can undergo design refinements based on crowdsourced feedback and virtual experiments. In the past, enterprises wrung advantage from scarcity: scarce information, capital access, distribution resources, market reach, and shelf space.

Now these resources are far more readily available—even abundant. Barriers to entry have been leveled, making whole industries ripe for transformation. “With the profound impact of digitization on the enterprise, organizations must have a comprehensive digital strategy,” says Scott Cassin, DXC Chief Technology Officer, Australia and New Zealand. “Digitization must be integral to any transformation effort, harnessing technology trends to create new competitive advantage.” Those who do will survive, even thrive. Those who don’t will lag, struggle, or eventually disappear.

Transformers on the Rise

Companies and organizations in virtually every industry are successfully leveraging digital technology to transform their operations. Even the humble light bulb isn’t immune. With Hue, Philips has transformed the bulb into an intelligent, connected lighting platform. Users can automate the system to switch lights on and off, change hue, or alter color. They can also engage geofencing technology so that designated lighting elements instantly respond when users arrive or leave home.

“Mature markets and industries recognize that the digital age is upon us,” says Cassin. “They understand that, to stay competitive, they need to transform how they interact with customers and employees by providing more dynamic, richer engagement experiences.”

An Australian railway engineering company is reimagining the locomotive maintenance floor. They're exploring replacing printed repair manuals with augmented reality technology. Mobile devices will be used to view locomotive components with displays augmented by digital content that provides rich maintenance information. Expected results: maintenance predictability, reduced repair time and costs, heightened employee engagement, and improved safety. These disruptive innovations could also serve as a competitive differentiator and boost new talent recruitment.

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Lowe's is experimenting with a robotic in-store sales force at its Orchard Supply Hardware store in San Jose, California. Functioning like a concierge,

the OSHbots, as they're known, leverage artificial intelligence to answer questions and guide customers. “It's making your experience inside the brick-and-mortar store a lot more engaging, interactive, and immersive,” says Jeff Bergeron, DXC VP for the Americas region. “It's an example of how retail is looking to disrupt the current customer experience it presents and get in-depth analytics in the process.”

The 2010 Canterbury, New Zealand, earthquakes prompted redevelopment and transformation processes in that area's healthcare system resulting in significant improvements in patient care. Using cutting-edge Big Data visual displays, the Canterbury District Health Board has leveraged an immersive viewing experience that places complex data sets into visual context. The technology brings together internal and external information from multiple sources providing a single coherent view in real time. Patterns, trends, and correlations that once went undetected are now exposed. System pressure points are visible and can be quickly remedied. Relevant information is instantly channeled across healthcare teams driving enhanced collaboration while generating deeper insights.

The Elements of Transformation Success

Transformation is not simply moving from one technology to another. It's a dramatic cultural shift that alters the way the enterprise operates and prioritizes. It impacts every employee across every function and process. Those enterprise leaders who grasp the scope of the undertaking have far higher success rates than those who simply pay it lip service.

Keys to Successful Transformation

Transformation is more than moving from one technology to another. It often involves two key elements:

1 / Cultural shift

- ▶ Explain to employees why transformation is necessary
- ▶ Detail what the impact will be on them
- ▶ Describe how each employee will contribute

2 / Start-up mentality

- ▶ Embrace technology trends
- ▶ Leverage established assets like reach, footprint, and reputation
- ▶ Appreciate failure

“They take their employees along on the journey, engaging them every step of the way,” Bergeron says. “Employees need to have a clear understanding of why transformation is necessary, what the impact will be on them, and how as contributors to that journey they need to evolve along with it.”

Another quality successful transformers possess is a start-up mentality. They willingly embrace technology trends while leveraging their established assets like reach, footprint, and reputation. Often these enterprises create a venture capital arm to develop highly agile start-ups isolated from existing corporate inertias. Think of these units as innovation shops off to the side. Once they operate successfully, the enterprise often absorbs them, integrating best practices of their start-up mentality into the overall culture.

“It requires a different method of calculating risk,” says Ron Brown, DXC Sr. Technologist and Digital Transformation Expert, UK and Ireland. “Indeed, some organizations are now saying that unless they fail sometimes, they’re being too safe.”

Successful transformers invest in a clear, comprehensive strategic plan, complete with tactical components for effective implementation. They recognize the value of using tactical change for short-term gain while never losing focus on how each revision serves the overall strategy. According to Michael Conlin, U.S. Public Sector Chief Technology Officer, “Successful transformers possess the willingness to radically alter their business. That’s the difference between transformation and simple transition.”

Transformation Pitfalls

Traditional market leaders often have

the most difficulty executing successful transformation strategies. They’re often too wedded to old styles of transformation, with long, drawn-out project timelines driven by outmoded operating models. “If I’m leading in a market and I have been for decades, I believe I can continue to lead going forward,” says Bergeron. “Yet you have disruptive companies nibbling at your core, displacing you out of that market.”

Conlin adds that another common stumbling block is confusing transition processes with transformation. Many organizations believe that by executing stepwise transition projects they will achieve transformational change. “Even multiple transitions do not equal transformation unless they are strategically linked to something larger,” he says. “Without this linkage, revolutionary change never comes.”

Perhaps a more fundamental pitfall is a lack of clear understanding of how the demands of the industry in which the enterprise functions are transforming. These enterprises often focus solely on products or services when the industry is demanding platforms. Think of a platform as a collection of services brought together in an integrated whole. Apple has a platform of products that seamlessly integrate with valuable content through services such as iTunes, iCloud, and the App Store. Facebook has a rich social media portfolio, which includes Karma, Instagram, and WhatsApp.

Rolls-Royce pioneered the modern service platform more than 20 years ago with its “Power-by-the-Hour” model of selling aircraft engine uptime at a fixed cost. Now companies such as GE, Caterpillar, and Cummins sell similar platforms offering machine uptime, fuel efficiency, and safety. These companies



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are not selling equipment. Instead, they're selling capabilities and solutions driven by digitization and analytics. "The era of differentiation through products is over," says Brown. "You can't have just a single product and expect to have a sustainable business model."

Getting on the Transformation Performance Track

How can enterprises lock onto the transformation rails? It starts with a realization that the market is changing and that staying competitive requires something bold. It means understanding and embracing that catalyst event. Is it cost pressure? Gradual market share erosion? Declining relevance? From there, successful transformation demands a clear plan to achieve the desired outcome. That means a mission statement or overarching goal supported by a fluid tactical plan.

So many transformation efforts are met with stiff cultural resistance. It's

the single most significant barrier to achieving success. Everyone must have a clear understanding of why transformation is necessary and who and what is at stake.

Avoid the trap of assuming the implementation of some new technology will generate lasting change without the corresponding process and cultural shifts.

These shifts often include provisions for running business experiments to gauge results before moving everything in a given direction. Find pockets to run these experiments, and use the successful ones to jump-start the rest of the organization.

"For any organization to gain real transformative value out of technology enablement, we have to move IT beyond the mission of managing boxes to one of managing services and procuring solutions," concludes Conlin. "Without this cultural shift in what IT is, transformation is dead in the water."

About DXC

DXC Technology (NYSE: DXC) is the world's leading independent, end-to-end IT services company, helping clients harness the power of innovation to thrive on change. Created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, DXC Technology serves nearly 6,000 private and public sector clients across 70 countries. The company's technology independence, global talent and extensive partner alliance combine to deliver powerful next-generation IT services and solutions. DXC Technology is recognized among the best corporate citizens globally. For more information, visit www.dxc.technology.