



# Prioritizing digital transformation opportunities

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Regardless of industry, market, and geography, nearly every business on the globe has been touched by technological change. And these ongoing, and often unexpected, disruptions are impacting how business is conducted. For example, the World Economic Forum states, “It used to take Fortune 500 companies an average of 20 years to reach a billion dollar valuation; today’s digital start-ups are getting there in four.”

While increased competition is a powerful motivator for embracing digital transformation, so are the potential revenue opportunities. The World Economic Forum estimates that “the combined value—to society and industry—of digital transformation across industries is upwards of \$100 trillion over the next 10 years.”

Chances are, you’ve already identified a number of digital opportunities for your business. But how do you determine which opportunities will give you a quick win or provide the highest business value at the lowest cost of implementation? In this paper, we’ll give you some best practices and tactical methods to help you prioritize digital opportunities—and kick-start your journey toward a digital transformation.

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## Establish your business objectives

CIO defines digital transformation as “the acceleration of business activities, processes, competencies, and models to fully leverage the changes and opportunities of digital technologies and their impact in a strategic and prioritized way.” But more than just acceleration, digital transformation is about the need for businesses to outpace digital disruption and stay competitive in a rapidly evolving business environment. This represents a complete paradigm shift in your business practices and strategies as a direct response to opportunities created by technological evolution.

According to the World Economic Forum, “Rapidly decreasing technology costs coupled with Moore’s Law are creating combinatorial effects from technologies, such as artificial intelligence, big data, cloud, and Internet of Things (IoT), which are combining to change how we interact and do business.” We’d add mobile and social technologies to that list as well.

The challenge is to figure out how to leverage the *right* technologies to meet your business objectives—which typically fall into one or more of these three categories:

- **Operational efficiency**—How can you take advantage of digital opportunities to cost-effectively provide high-quality services or products?
- **Customer engagement**—How can you leverage technology to reach existing and potential customers in more meaningful ways? This is especially pertinent when so many people these days are “connected.” According to a Forrester Consulting study commissioned by Accenture Interactive, “With customers in the driver’s seat of their interactions with brands, businesses must create positive and relevant customer experiences across channels and touchpoints.”<sup>1</sup>
- **Employee engagement**—How do you use technology to retain and cultivate new talent? How do you foster “a happy employee [who] is an engaged and committed collaborator who stays, innovates, and contributes to the organization?” For more on the role of employee engagement in digital transformation, read the Perspectives paper “Why digital transformation depends on workforce transformation.”

You might have a lot of great ideas. But if they don’t map directly to a business objective, you’re not likely to see any significant value from those opportunities.

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## Understand the value of each digital opportunity

Mapping digital opportunities to your business objectives is a great place to start. It helps keep you on track and weed out any ideas that won't deliver value. But you need to take this a step further. You need to pinpoint *exactly* what's truly important to your business.

**For-profit organizations, such as manufacturers, might be looking to increase:**

- Sales
- Conversion rates
- Customer basket spend
- Customer brand awareness
- Gross margin return on investment (GMROI)
- Shareholder value

**Or perhaps decrease:**

- Inventory turns
- Employee turnover
- IT costs

**Retailers might want to pursue opportunities, such as:**

- Providing services and interacting with customers in multiple channels
- Giving store associates access to product information and reviews to help educate customers
- Making merchandise available to store associates and customers, beyond what's available in the store or backroom

**Healthcare organizations might have some of these as their top priorities:**

- Increasing patient engagement and feedback
- Attracting and retaining families within the health network

**Public sector organizations might be most interested in:**

- Increasing citizen engagement and feedback
- Attracting and retaining citizens within the municipality or region

These lists are a just a sampling of a diverse range of metrics that could be potentially important to your strategy. Only when you can understand the value that each digital opportunity offers can you even start to decide which ones are worth pursuing.

## Map value to ROI

Once you have an understanding of the business value of your digital opportunities, you need to figure out how difficult, costly, and time-consuming they are to implement. The highest value opportunity might not necessarily be the best one to pursue. If it's a potentially expensive project that will take months to implement, the ROI could ultimately take too long to justify. In an environment where technologies are changing so rapidly, the last thing you want to do is invest heavily in a technology that could wind up being quickly outdated and replaced with the next-best-thing.



Look for opportunities that have high business value and are easy, inexpensive, and quick to implement.

In order to determine which opportunities meet—or at least come close—to these criteria, you need to be able to quantify and measure the value of the opportunities against the potential ROI that those opportunities can deliver. You can accomplish this by asking a number of questions about each opportunity. Some answers will not come easy. Often, the questions will require research and/or a solid understanding of your existing technology assets. Some of the questions you need to ask are:

- Can I do this with my existing technology?
- What are the dependencies? Is this tied to other projects?
- How much will this cost to implement?
- How long will this project take to implement?
- What are the ongoing expenses once this project is operational?

By scoping the impact of each opportunity and comparing it against the potential value that opportunity can deliver, you can then start to establish your priorities.

## Create a roadmap

Now that you know which opportunities to pursue first, you *could* get started; but before you do, there's still one more important step you should take that will help maximize the likelihood that these projects will come to fruition. You should put all the opportunities you plan to pursue on a roadmap. This will give you a visual playbook of just how you're actually going to execute these opportunities over time. Build these factors into the roadmap:

- Interdependencies
- Internal resources
- Third-party dependencies
- Other organizational initiatives
- Budgets

By doing so, not only do you get to see the bigger picture, you also have another opportunity to discover potential conflicts or issues. Such a visual playbook can also help you get buy-in from key stakeholders. Without stakeholder approval, projects may never get started or adopted after they're implemented.

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## Pick the right partner

This can often be a difficult and confusing process—especially when you lack the practical experience of planning and executing these types of digital strategies. Which is why, “Eighty-eight percent of firms use a third-party solution provider for at least one component of their digital transformation,” according to the Accenture Interactive-commissioned Forrester study.<sup>1</sup>

You need a partner who can do more than just help you come up with great ideas and produce beautiful mock-ups. You need a partner who can help you strategize, assess business value, prioritize, roadmap, build, prototype, keep things moving, and successfully implement your digital opportunities.

You need a partner who can help take you from ideation to execution. For more on the four steps to implementing a digital strategy, read the Perspectives paper “Building a digital transformation strategy.”

The Forrester study commissioned by Accenture Interactive offers great advice on this:

*“Find partners whose capabilities complement your own. Even digitally mature companies will have new gaps in capabilities as the technology continues to evolve. Enlisting third-party solution providers to help navigate change and implement new strategies is often cheaper and faster than building those capabilities internally. Find partners that understand your broader strategies and have specific strengths in the functions and areas that your company lacks.”<sup>1</sup>*

After your digital opportunity has been implemented, you’ll need to know if it’s meeting expectations. Your partner should also be able to help you measure the business value of any solution or technology you’ve implemented.

## Rise above the competition

Today’s connected world has created a hyper-competitive environment where it can be a real struggle to differentiate your business from the competition. Yet, according to the Accenture Interactive-commissioned Forrester study, “Only 5% of organizations feel that they have mastered digital to a point of differentiation from their competitors.”<sup>1</sup> Which means that 95% of organizations are not taking advantage of digital opportunities sufficiently to make their businesses stand out.




Another way to read this stat is that *right now* is the time for you to embrace a digital transformation of your business. Now is the time to work with a partner who can help you build criteria around your digital transformation execution strategy... And then help you successfully execute it.



## About Hook & Loop Digital

By bringing together a top-down business approach with a bottom-up experience approach Hook & Loop™ Digital adds customer, employee, and operational value. They leverage disparate products and services, as well as existing technologies, to create, build, and manage enterprise-level digital ecosystems. By helping you innovate on an enterprise scale, Hook & Loop Digital helps you create a long-term competitive advantage that builds demand and engenders loyalty.

<sup>1</sup> Forrester Consulting (commissioned by Accenture Interactive), Digital Transformation In The Age Of The Customer, October 2015.

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