

3 Reasons Your Digital Transformation Could Fail

Travelling towards
success and avoiding
the pot-holes





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Digital transformation strategies are at the forefront of everyone's mind right now. Write one, implement one, accelerate one, or finish one. So in my mind the time has never been more ripe for the words of wisdom contained in this guide from fellow industry peers at Barceló Hotel Group and Abbott. Johanna and Cristian clearly lay out here the key things to focus on and ask yourself regardless of where you're up to in the process. Key for me, as obvious as it may seem, is what are you hoping to achieve?

Too often, as pointed out in this guide, businesses get swept away with what new tech could do for them without addressing the fundamental question of what you need the tech to do for you.

Another key consideration: how will it integrate? Will it be disruptive, either to your existing tech stack, processes or teams? How can that be overcome? Do you have the people to make it work? New technologies, as wonderful as they may be, still need strong, smart people to make them work. You need teams that are focused on a collaborative end goal, working in synchronisation across the organisation to execute and deliver on the dream of any digital transformation strategy.

I hope you enjoy this guide. It's truly a great place to start to avoid the pitfalls laid out by those who have gone before.



Meet the Authors



Johanna Alvarez
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Economist at heart and specialised in data usage, mainly through web analytics and attribution modeling, Johanna leads and drives success for Barceló Hotel Group through the data team.

Being an active part in the digital transformation project of Barceló, Johanna is a believer in data fully exploited, can be the biggest ally for maximising the potential of digital marketing and to ultimately increase a company's revenue through a deeper understanding of its users.

A Business Technology professional, Cristian has a passion for digital marketing, all consumer-oriented technologies and the human aspect of their implementation.

Currently spearheading the Commercial IT function in Abbott Nutrition for Middle East, Africa and Pakistan, Cristian has long-standing exposure to the healthcare industry.

Both Johanna and Cristian have been central to digital transformation projects for a number of years, dealing with incorporating tech into the business world. Be it a tag management system, a CRM, a CDP or a visualisation tool, both Johanna and Cristian saw first-hand that there are some things that are fundamental for the success of a digital transformation project (and others which can hinder success).

Over a morning coffee, plotting exciting collaborations to drive awareness in Digital Transformation, they drew up the idea of collaborating. First came a joint blog touching on the topic, with so much more to add, next came this ebook with Tealium. One learning any reader will hopefully gain from this e-book is that tech is fundamental in your digital transformation process, but it needs to be nurtured to give the results you are expecting to see.

It's time for Johanna and Cristian to deep dive into the not so pretty side of technology!



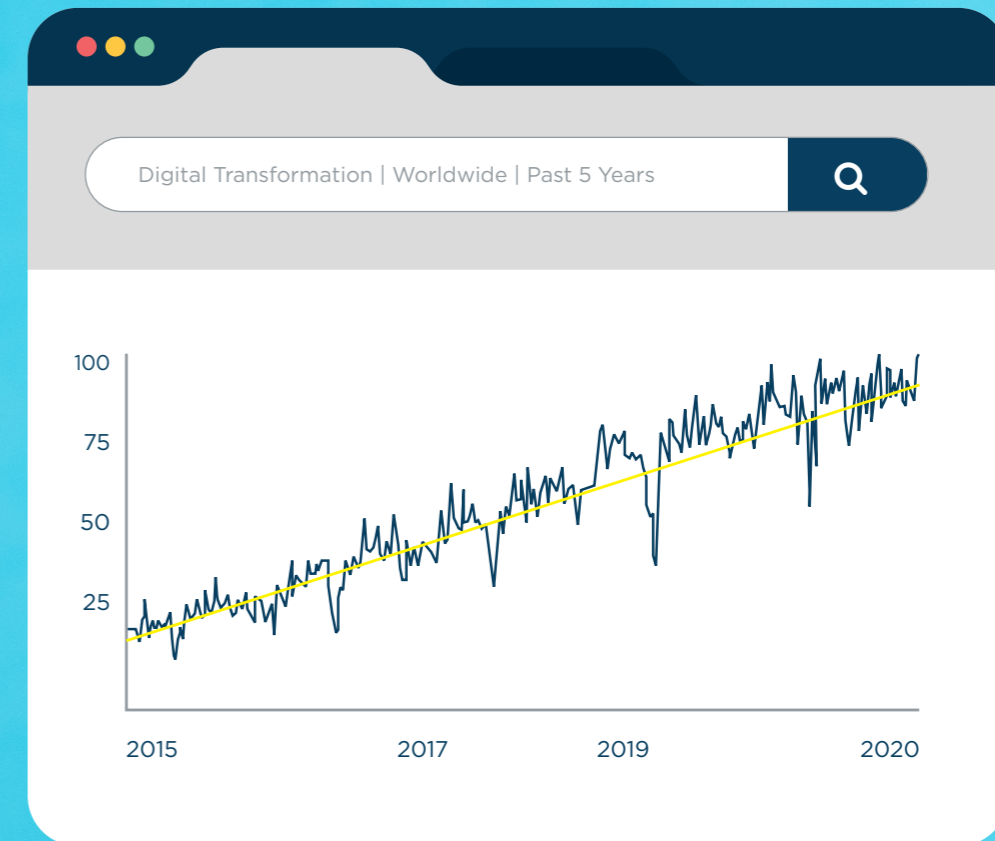
Cristian Ciccioli
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Expectations have skyrocketed

Over the **last 5 years**, digital transformation projects have **boomed worldwide**. More and more companies see the value and also the need to transform their organisations to meet the expectations of increasingly **informed—and therefore more demanding—users**.



The most recent interest has been triggered by the pandemic and the obvious need that's created to redefine and reconsider our businesses in order to try and keep them afloat in the face of this new challenge.



This growing interest in digital transformation can be seen in the above graph, which contains the Google searches related to this term. Furthermore, although the last few years have been intense, an even more significant increase is expected in the number of companies that decide to start their digital transformation projects.

However, this intention to transform a company digitally does not always arise from a need within the company, but is driven, rather, on countless occasions, by the “mirroring effect”. The mirroring effect is nothing more than wanting to follow in the footsteps of others without stopping to think about a whole bunch of factors that determine the potential success of the project.

This has resulted in a large number of companies failing in their attempts to succeed in digitally transforming themselves or, if they do accomplish some sort of success, the results obtained are way below those expected.

That's why in this piece, we want to share with you the three reasons why digital transformation projects often fail, so that you can take them into account when assessing whether to include a new platform in your technology stack or not. Hopefully, you can avoid them before it's too late.

..... **Let's go for it!**

The indivisible trinomial: Technology, talent and processes.

Thoughts from Cristian:

In order to explain in a very simple way what this indivisible trinomial is, I am going to take a walk down memory lane.



I still have indelible memories of my grandfather, a watchmaker, with his monocle moving dozens of parts in a space as limited as the wristwatch. It was a work of precision, patience and attention to detail. There was no room for error - the work had to be completed perfectly for the clock to work properly.

Here we find some extreme examples, such as Patek Philippe's "Calibre 89", which is probably the most complex watch ever produced. It contains a total of 1,728 parts, each carrying out its own function. All it took was for one of those parts to be in the wrong place and the watch would not work as expected.

Although it is likely that when we talk about innovation, progress and change, we can categorise all these parts within one of these three groups: technology, talent, and inevitably, processes.

A true digital transformation must seriously consider all three aspects equally, otherwise the business clock will not provide the expected benefits.

This gives us the opportunity to start talking about the three parts that usually fail in digital transformation projects:

- 1 Thinking of technology as a lonely superhero
- 2 Undervaluing the importance of human talent
- 3 Including technology without re-adapting your company's processes



Something similar happens in companies and that is why different departments exist.

1

Thinking of technology as a lonely superhero

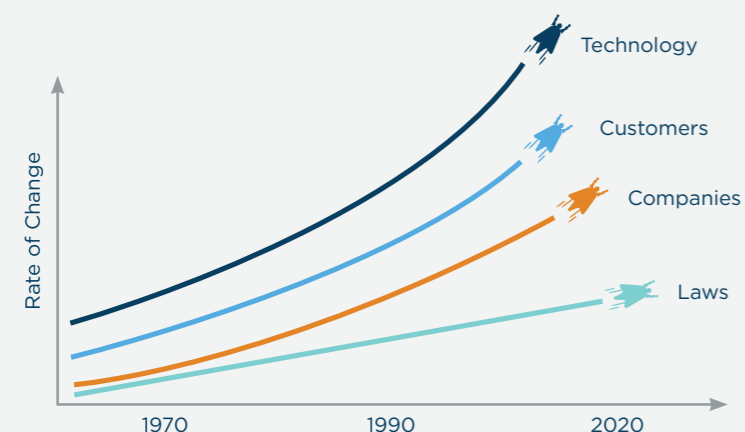
Let's be honest, do you remember any of your favourite superheroes working 100% alone?

We certainly do not, and when it comes to tech it's no different.

That's why, when considering the business world and digital transformation more specifically, four interconnected elements need to be analysed:

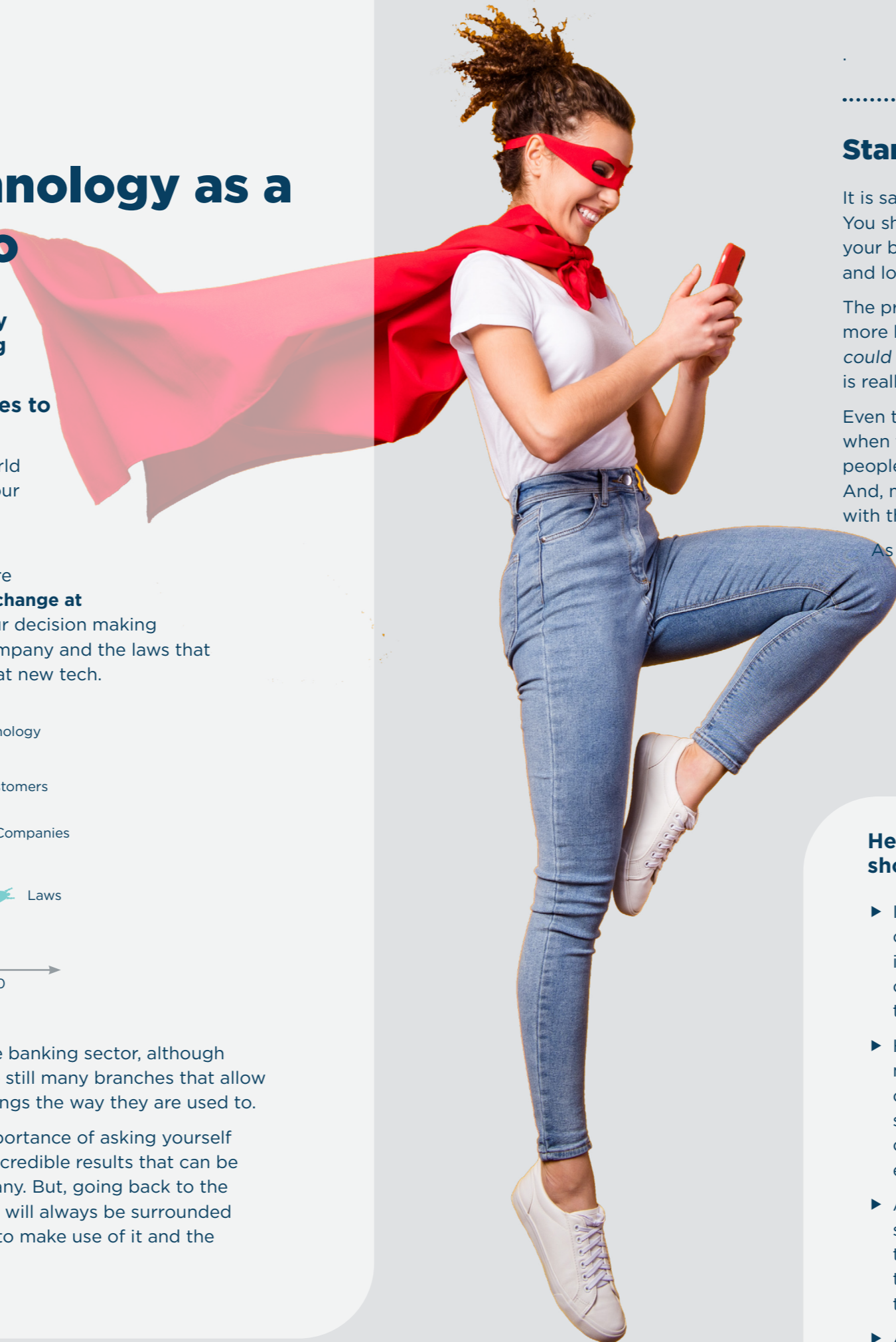
technology, users, companies and legislation

The problem, however, is that although they are interconnected, as we will see below, **they all change at different speeds**, this adds an extra layer in our decision making process. We need to know if our users, our company and the laws that affect us are somehow aligned or ready for that new tech.



A good example that comes to our mind is the banking sector, although most of them have broadly digitised, there are still many branches that allow the not-so-digital customers to keep doing things the way they are used to.

Nevertheless, it is easy to forget about the importance of asking yourself some important questions once you see the incredible results that can be accomplished by including tech in your company. But, going back to the superheroes example, the success of that tech will always be surrounded by the capabilities you have in your company to make use of it and the openness of your users to accept it.



..... Here's our biggest learning so far:

Start with your goals

It is said that **always** and **never** don't exist, but this is an exception. You should **always**, genuinely, **always** start by asking yourself what your business needs and objectives are. From there, start building and looking for tech in the market that allows you to fulfil that.

The problem with doing it the other way around is that you are more likely to get blindsided by all the amazing things that tech *could* do for your company without taking the time to analyse if it is really feasible for you to get the maximum out of it.

Even though we will analyse this deeper in the following points, when talking of feasible or ready, we are referring to having the people, time and financial resources to make the project succeed. And, most importantly, making sure this new addition is in line with the maturity of the company.

As an example, imagine you sign your first year contract with a big data visualisation company, but no one has taken the time to "cook" the data. Initially, the first months of the contract will be wasted. Those are the types of things you want to avoid.

Here are some interesting questions you should consider at this point:

- ▶ Is the inclusion of this technology in line with the company's objectives? In other words, if I include it, do I have use cases that are aligned with my objectives or am I just falling for the hypothetical ROI that is being offered to me?
- ▶ How can this platform be integrated with the rest of my stack? And this point is fundamental to avoid the creation of a technological Frankenstein. In an ideal scenario, except in very specific cases, we must find clear ways of linking new technologies with relative ease to what already exists.
- ▶ Are all the features of this platform necessary for my stack? It is essential to understand whether or not there are overlaps of features between platforms and tools that you already have in your stack and the new technology itself.
- ▶ At a glance, is the company ready for this new tech? And if that's not the case, can you think of changes at a company level to include tech?

2

You are undervaluing the importance of human talent

Tech has evolved so rapidly over the past decades, but the reality is that **we have not reached the point at which intelligent machines are created which surpass humans - also known as the singularity theory** (at least not yet!).

Human talent is still central to the success of any digital transformation project.

This is perhaps the area most ignored by companies when thinking about digital transformation, possibly because it is the most difficult to manage.

When we talk about talent, we refer to both the talent of people already present in the company and the incorporation of new people who may be specifically needed to develop something that has not been done in the company up until now.

A note on the talent already present in the company:

Thoughts from Johanna:

I recently participated in a conference alongside Tealium. In the Q&A session someone asked: how do you manage change for existing teams?

That was the perfect question for the context of the conference, because in fact, change management is so relevant in digital transformation projects.



Regardless of what you want to change or how you want to change it, one thing is clear, and that is that to achieve it you need a group of people who trust both you and the project and are willing to take it forward.

One thing we've both learned over the years is that highly disruptive projects generate uncertainty, and uncertainty can lead many people in your team to think about all the many possibilities of what could go wrong.

Change management focuses on making inclusivity, openness and information-sharing an ongoing part of the project. Inclusivity, of course, makes everyone feel part of this new stage and being open and informative will allow you to prevent people in your team building parallel realities.

You, through proactive conversations must be able to give as much information as you can to avoid frustrations and doubt pervading the team. The company's future vision must be overseen by you. To that end you must practice radical honesty, and not political manoeuvring that only reassures a few people over the short term.

A note on new talent:

Many companies commit sins at this very point.

The reality is that on many occasions, starting a digital transformation project or getting it to go ahead requires very specific knowledge.

Including technology without thinking first about who is going to exploit it is like buying a Ferrari without having a driving licence. Technology alone is not going to do anything and you are always going to need hands and brains behind the technology with enough skills in order to get the maximum out of it.

During the conference we previously mentioned this topic was addressed from a completely new perspective: let's talk about burnout.

As team leaders and managers we really need to start thinking of the human cost of not being able to correctly dimension our teams. Not only that, but over-assigning responsibilities, giving unrealistic deadlines or simply not caring for the wellbeing of the people we work with, represents an important cost for the company as well.

If we were to stick to just the business factor, underutilisation of tech is one of the main reasons why companies end up not seeing value in a piece of tech.



Human talent is still highly important for the success of any digital transformation project.

This can only be due to:

- ▶ People in your team don't have the knowledge to fully use it.
- ▶ People in your team do have the knowledge but don't have enough time to fully use it.

Both of them take us back to human talent and its importance for the business.

As an excellent example, take a look at how Netflix operates. They're very clear that driving innovation and moving forward can only be accomplished with a great group of people.



Here are some questions to keep in mind:

- ▶ What kind of skills, abilities, experience and knowledge do I need to get the most out of the new technology?
- ▶ How will my team be affected by the new inclusion?
- ▶ How will I manage the change? For example, if there is a person on my team who might sense that their job is at risk? If so, how will I manage that?
- ▶ What budget and suppliers do I have?
- ▶ Is there someone specific in the team who can take over the project/exploitation of the new technology?
- ▶ If the above answer is no, do I have the capacity to initiate a selection process to find the right person?

3

You include technology without re-adapting your company's processes:

Let's first go back to Netflix's case. They believe innovation and creators thrive in a process-free environment. Nevertheless, when human talent gets overlooked, almost inevitably we end up building processes all over the company. It kind of feels good, we feel in control, right?

But, we are sorry to tell you that business processes are innovation and creativity killers. They keep things tidy, and most of the time, creativity, movement and growth are pretty messy. You need to be willing to mess up and to quickly correct it and learn from it, that is the essence of digital transformation. Trying new, different and more digitalised ways of doing things.

Well, the next most common issue is having those processes in place but overlooking how those processes will be affected by the inclusion of tech.

Just like with the undervaluation of talent this will generate a series of negative outcomes. The combination of which, means that you underutilise your tech stack and are kept far away from the objectives you set when you started the project.



Now, imagine you have in fact overlooked the importance of human talent and have created lots of processes to keep track of who does what and when.



The definition of success in a digital transformation project



Success:
achieving the results
wanted or hoped for.

The definition of success is one of the most subjective things that exists in the personal and business world, so it is key to link the success of the project to SMART objectives.

We are sure you've heard of this a 100 times, but just in case, SMART objectives allow you to be very clear on what you want to achieve and how long you have to achieve it.

When it comes to defining objectives, we have two options:

- ▶ Focus on the final result.
- ▶ Focus on the entire journey that leads to that final result.

As an example, improving the experience of users who interact with our digital assets is one of the objectives that can generate a greater return in the long term.

In 2019, the experience became the most important element for the user, surpassing product and price. 67% of users are willing to pay more for a product if it ensures a better experience.

The objectives will set the direction, but, as we mentioned before, the digital transformation process must be seen as a project with long-term results. This generates a conflict because clearly a whole series of needs that the company has at present must continue to be met.



Here are some useful questions to keep in mind:

- ▶ Are there processes in my company and if so, how are those going to be altered with this new technology?
- ▶ Do I currently have the capacity to adjust processes? If the answer is no, when can I do it?
- ▶ What processes or people will be affected either positively or negatively by the inclusion of this new technology?
- ▶ Does the inclusion of this technology generally improve the processes and therefore the time-to-market? Or, on the contrary, am I improving one part but making others worse?

Now, let's assume you've managed to reach this point unscathed! You've defined the responsibilities of your teams, have clear objectives, and the delivery team is on board and motivated.



Now for the million-dollar question. How do we know if we are doing it right?

The focus needs to be changed

When we talk about changing the focus, we mean that all teams in a company need to be guided by the same defined objective, whether that is to achieve the best user experience, minimise investment or both. Everyone is equally responsible for the achievement of the objective. However, whilst we drive towards that objective there is always a short-term vision and a long-term vision.

Let's use an analogy to explain the idea of the change of focus. Have you ever tried to switch on the high and low beams of your car headlights at the same time?

Here are two options:

- ▶ That you have tried and you have seen that it is not possible.
- ▶ That you have not even considered it because you know that at that moment you want one or the other, but not both.

However, even though the exact same idea applies to a company, many leaders are determined to try to get the same team to take responsibility for and accomplish both tasks.

The lack of delineated responsibilities, accompanied by the lack of clarity in focus (short or long-term), is one of the greatest triggers of friction between teams, which ends up resulting in a lot of drama but few actions. In the end, this only sets the **company further back from fulfilling the objectives** it defined at the outset.

As time goes by you will be completing stages, but this type of project is always on

When it comes to digital transformation, as a general rule, the moment when you finish implementing a new technology is when the project actually starts, with the exploitation of the technology, the implementation of use cases, etc.

The new creation or incorporation of technology outlines a new path towards a future that we still have to go through, which will bring benefits to the company in the medium and long term. Therefore, we must always bear in mind **measurement, maintenance and evolution, in order to** have a sustainable future vision.

Those responsible for the project have a task that is arguably as important as the development of the project itself - managing expectations and giving visibility to the project.



Digital transformation projects involve a high level of investment from the company, which is why expectation management (when a certain milestone is expected to be met) and project visibility are key to maintaining full confidence in its viability and the value it will bring to the company.



Conclusion



Technology alone is not going to give you amazing results. It captures people's attention, it fascinates, and it easily appeals to us. But the real difference, **the magic, is still made by people**. Especially those who, with or without technology, are instigators of change..



Focusing exclusively on the final results is limiting: Spend more time on the **factors that generate the expected result, on the process**. It is the small areas of progress that really lead to the desired success we are aiming for.



Whether you like it or not, the world is evolving, especially from a technological point of view. You may decide not to adapt to the change and continue to operate as you have in recent years because "it has always worked well", but all you will achieve is to **widen the gap between you and your competitors**, and when you least expect it, they will be unbeatable.



Learn from Nokia, their digital transformation project failed as the internal teams were not on the same page. This led to internal disruption on strategies and integral team players not on board. If you want to lead the market, **be part of the change**.



With your project you have just planted a seed. It is a great first step, yes, but it will cease to exist if you do not **nurture its growth, development and future sustainability**. After all, you don't want this effort to be in vain, you want to contribute to the overall growth of the organisational ecosystem



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to leverage real-time data to create richer, more personalised digital experiences across every team, technology and customer touchpoint. More than 800 businesses worldwide trust Tealium to power their customer data strategies.

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