

# Digital IT Transformation

Could it help your business?

west view



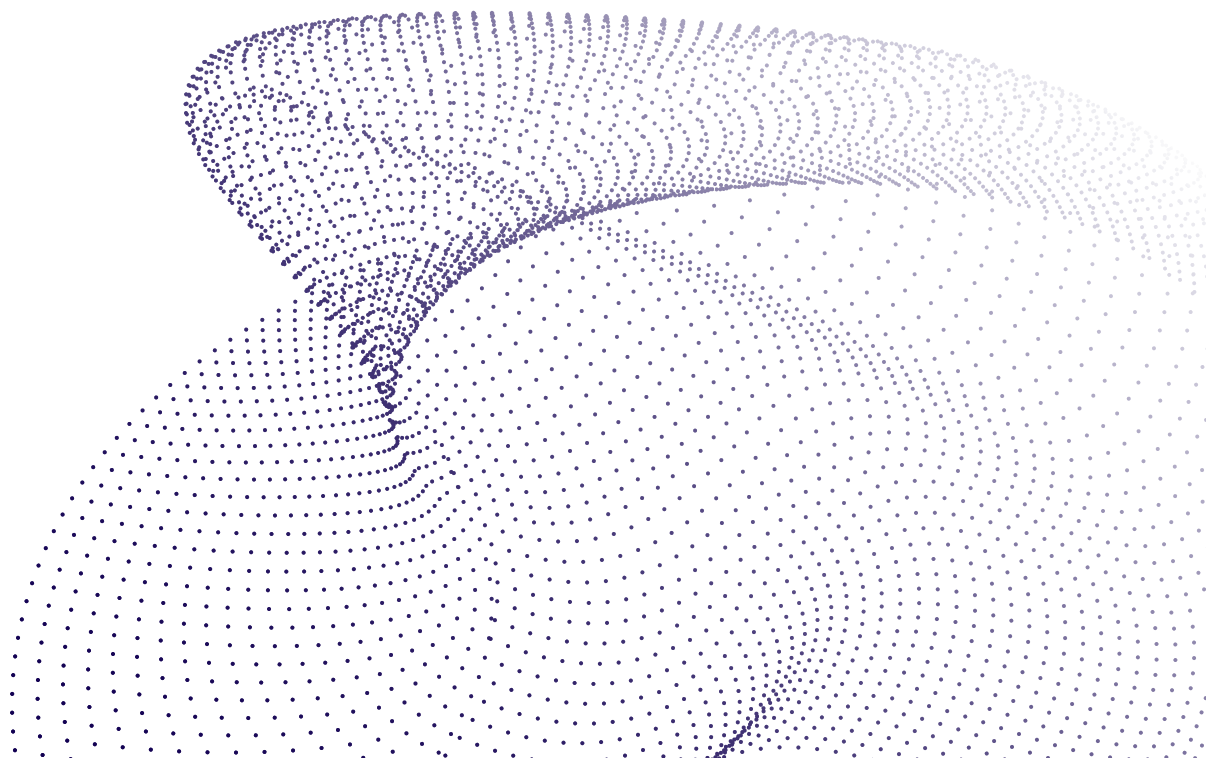
# Ambition

As business owners we are always looking for new ways to help our business grow and improve - this includes improving customer experience,

IT infrastructure plays a huge part in the growth and overall experience. However, it works both ways. Sometimes it is the same infrastructure that can limit how your business evolves, Growth can be held back by many things - old tech, old systems or maybe you have outgrown the current system you are using.

## Digital Transformation

Digital IT Transformation is about using modern technology to create or modify business processes, culture and customer experiences. It involves a complete reassessment of your current technology with the goal of improving the efficiency and delivery of your products/services.



# Case Studies

## Netflix

Did you know that when Netflix started it was based on direct mail? They would post DVDs to their customers in the US. The customers would watch it and then post it back. They would then wait a few days for another DVD to arrive and the process would repeat. The UK had a similar service called LoveFilm that was eventually bought by Amazon, you could also liken it to Blockbuster minus the physical shop.

Netflix led the way to the current streaming world that we enjoy today with Disney+, Amazon Prime and more.

This was Digital IT Transformation. Netflix used technology to flip their business model on its head. This has not only improved customer experience (now you wait seconds instead of days to watch something), but it has also increased customer loyalty. They currently have 222 million subscribers!



**£ 123 Billion**

Market Value

# Case Studies

## LEGO

In 2004, LEGO was on the brink of bankruptcy! This pushed the company to start its digital IT transformation journey which is still ongoing today. LEGO first digitised its supply chain processes, which allowed them to gain more insight into production delays and manufacturing costs.

Between 2008 and 2016 the company centralised its HR applications, moved to a digitised shop floor system, and streamlined its decision-making process.

To improve customer experience, LEGO added mobile apps, games and movies to its products. The first lego film generated an additional £354 million in revenue, Digital IT Transformation worked well.



# Case Studies

## Kodak

What do you think of when you hear Kodak? Kodak moment? Possibly a dead camera company?

As the digital revolution began at the beginning of the century, cameras evolved from film to digital photos. Do you remember having to go and get your photos developed and not knowing whether the photos you took were any good?

Kodak stuck with film though (even though they invented the first digital camera!) as they thought that launching a digital camera would cannibalise their existing business. We know now that was not the case and Kodak's failure to digitally transform at the right time led to a huge loss and eventual bankruptcy in 2012.

Kodak eventually took the step towards digital photography but not before suffering a huge loss.



# 4 Main Transformation Areas

There are 4 main areas of transformation that businesses need to consider.



## 1 Process Transformation

Process Transformation is most appropriate when a business needs a radical change. It can modernise your processes, save money and integrate new technology whilst still incorporating your core systems. Process transformation can result in drastic changes to your business. Before you begin you should ask yourself what your goals are for the transformation:

- Do you need to upgrade your systems?
- Will you need to bring in new Technology
- Will you change your processes to a new structure?

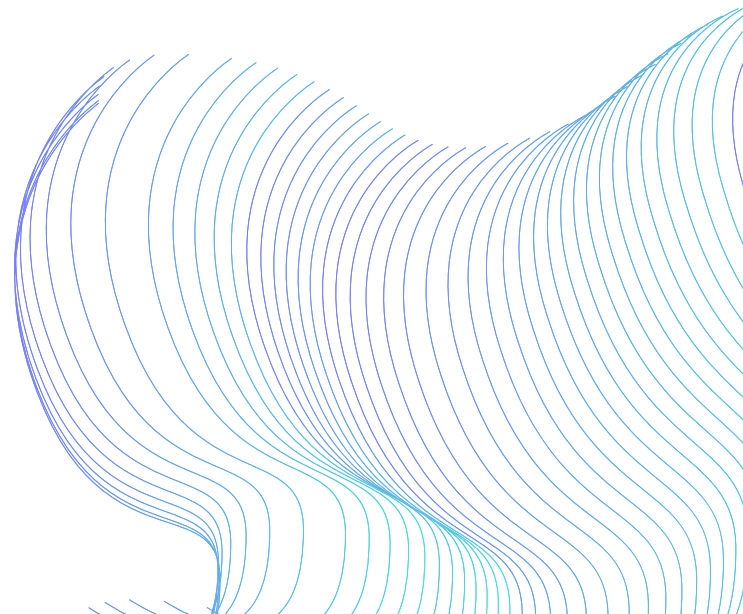
It is important to set baseline metrics when deciding on process transformation as this will help you understand if the transformation is a success.

As well as setting new KPIs, you should also set baseline metrics based on your expectations of the new structure. Include things such as time, cost, errors and downtime.

Make sure to involve your team in this process and ask them for feedback.

Find out how the people who are using the system would make improvements, and how their job could be made simpler. This kind of feedback can give you the most valuable insight into how your systems should be working to make the biggest improvement.

Before you embark on this - you should create an ideal workflow path. This will help you to identify the areas that you really need to focus on first and to really understand both the system tasks and the human element.



## 2

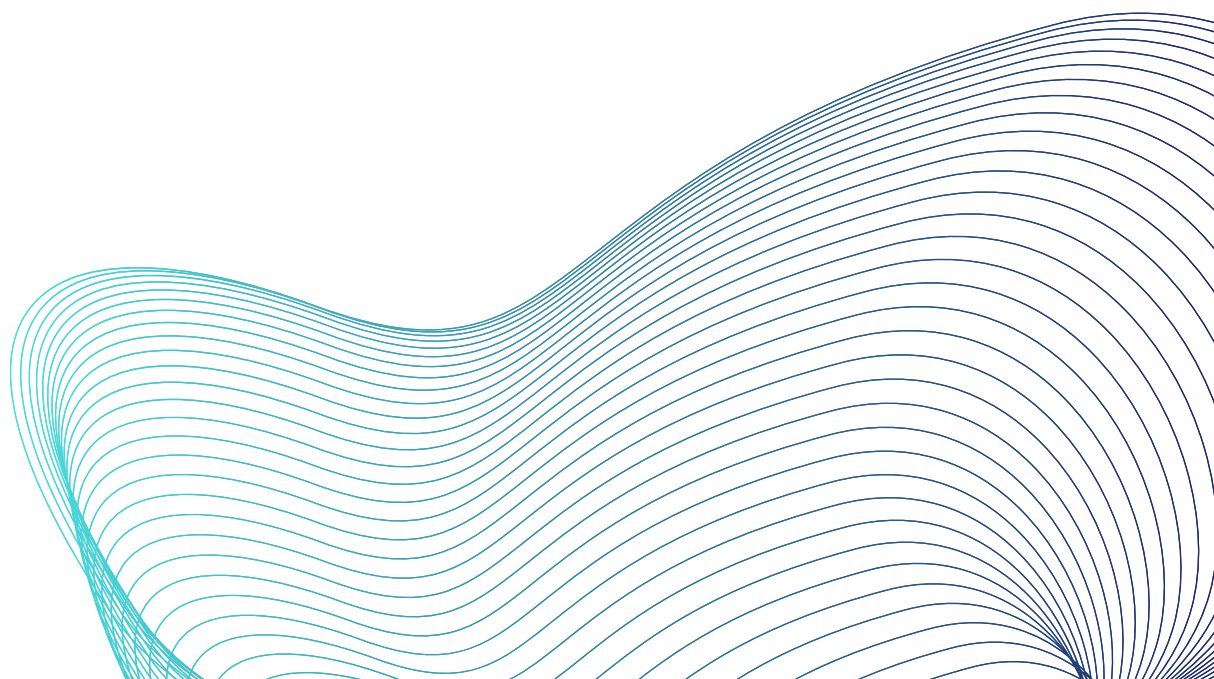
## Business Model Transformation

As we saw in the case studies, it is possible to adapt and/or completely reinvent your current business model to open up new opportunities for growth.

This has never been more evident than in post-pandemic society. The pandemic has really changed the way we think about customer experience and digitisation of products and services. Due to Covid we were forced to make quick decisions about our businesses and to digitally transform in a very small time frame!

Although there was some tweaking needed along the way, we learnt a lot about the barriers that are in place to prevent change and those that we have placed on ourselves subconsciously or not.

Not every transformation needs to be as drastic as Netflix. It could be small changes such as using data to offer customers add-on products and services that complement what they already buy.



# 3

## Domain Transformation

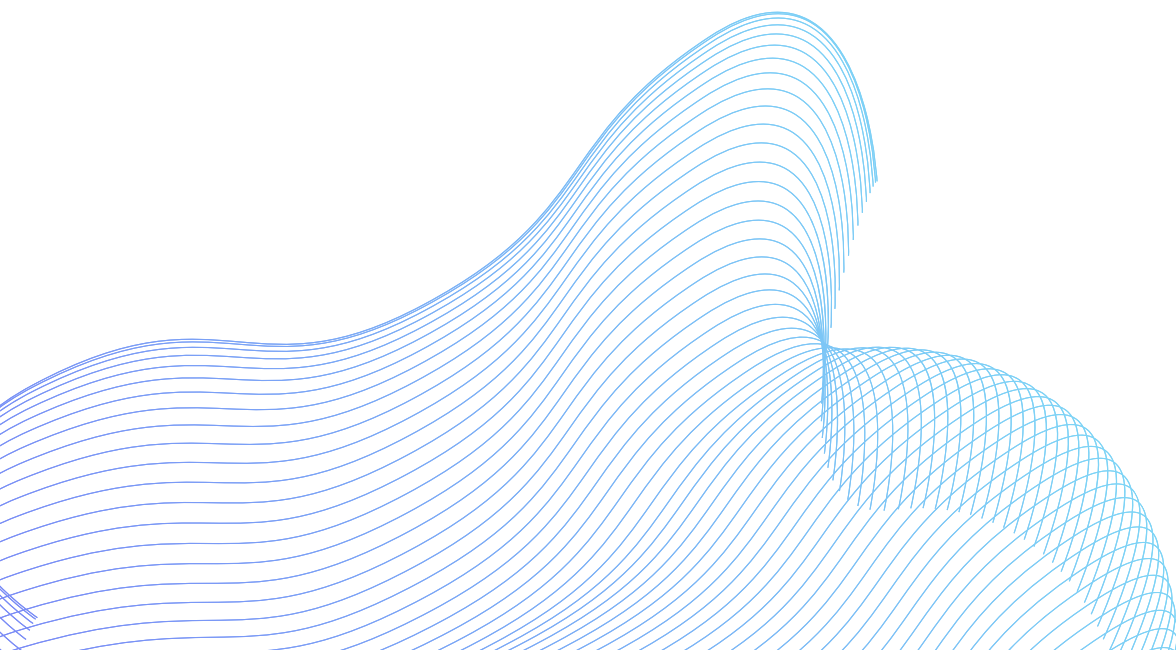
This is a less commonly used area of digital IT transformation, but it is still definitely worth considering

New technologies have the ability to redefine your products or services in a big way. A good example of this is the way Amazon moved into a new domain with Amazon Web Services (AWS). AWS is now the most popular cloud service provider in the world.

While it may have seemed a bit odd for Amazon to try to move into the cloud computing industry, it leveraged service it already used and managed to create a brand new offering for its customers.

LEGO also did this by expanding from basic bricks to the film and gaming industry.

Try thinking about what you currently offer and whether you could try expanding - or any services you could leverage to offer another?



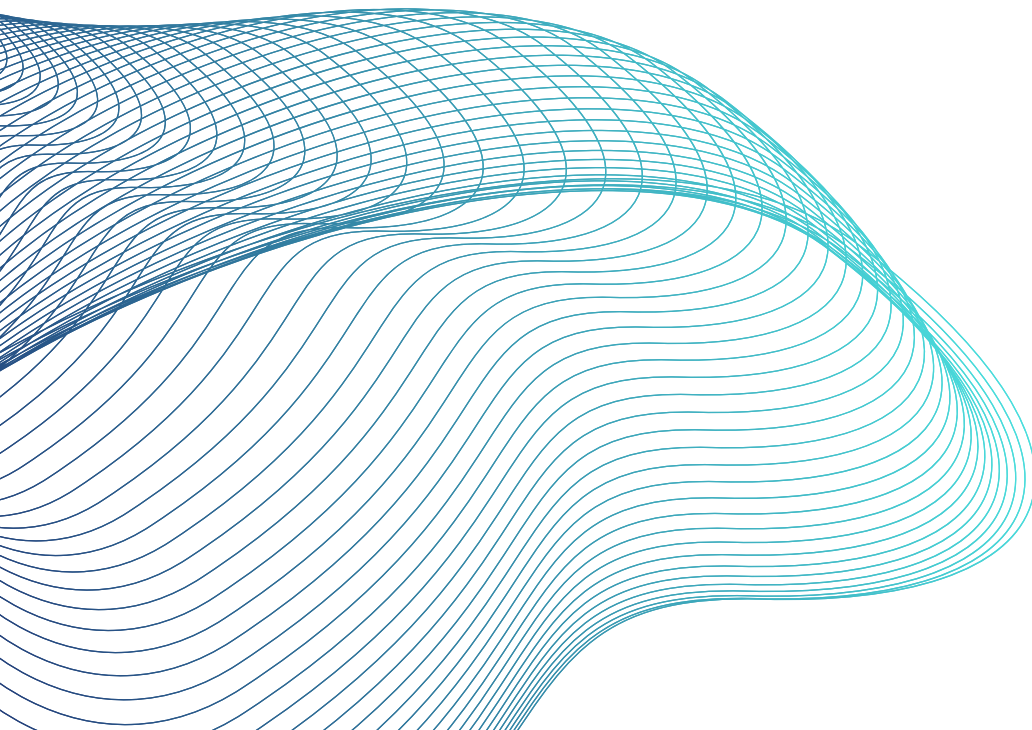


## Organisational Transformation

It is crucial that if your business spends time and money updating its tech, processes and products, that its internal values and behaviours evolve also.

Failure to get buy in from your people could result in the complete failure of your transformation, even if everything else is ready. A small amount of resistance could mean adoption of your new tech is slower than it should be - this can mean a loss of revenue, productivity and potentially even people.

Make the time to clearly communicate your vision for transformation. Do this regularly and involve your people in the processes. Ask for and listen to their feedback along the way. Everyone should understand the risk and why it is worth it.



# The Rules

Regardless of your sector or industry and your current infrastructure and systems, any digital IT transformation has 3 rules

## Rule 1

You must want to modernise your existing critical IT infrastructure if you want to increase efficiency and your management overheads

## Rule 2

You must automate your IT processes if you want to reduce risk and accelerate provisioning and deployment of applications. This includes automating the delivery and use of IT services.

## Rule 3

You must transform your IT processes and operations if you want to align your IT goals, your staff and their roles

Of course, this is a very brief overview to a process that can be extremely complex.

**“When digital transformation is done right, it’s like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar.” - George Westerman**



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