EXECUTING DIGITAL TRANSFORMATION

FOUR KEY AREAS ESSENTIAL TO ORGANIZATIONAL SUCCESS IN A NEW ERA

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INTRODUCTION

Complacency is the Achilles' heel of today's digital organizations. Although some companies still cannot support a proper, modern digital experience, many organizations are ready to execute a full-scale digital transformation capable of dramatically improving operations.

And the world is ready for them to do just that. With advancements in voice recognition, the Internet of Things and cognitive technologies pushing the expectations for superior digital experiences across many channels and mediums, organizations have the opportunity and resources to create enhanced digital experiences that improve the end user experience and deliver business results.

Yet, many organizations are not taking this opportunity, either because they are unaware that it exists, or because they are unprepared for a digital future.

Legacy digital processes and solutions may appear sufficient on the surface, but organizations are struggling to keep up with user expectations behind the scenes. The longer businesses put off making improvements, the more difficult it becomes to prepare for the future and thrive in the changing digital landscape. The obvious solution seems to be that companies should rethink their digital transformation strategies; however, the PointSource study, Executing Digital Transformation, reveals that reimagining internal processes and digital architecture for the 21st century is no small feat.

The resulting survey of 300 decision makers in marketing, IT and operations illustrates that businesses are struggling to make improvements with end users in mind in the key areas of direction, technology, experience and culture. Direction establishes a measurable strategy routed in business objectives. Experience ensures organizations make decisions with end users and their journeys in mind. Culture brings internal stakeholders together to gain alignment and drive operational efficiencies. Technology supports and aligns data points and establishes a scalable architecture.

Our research reveals stakeholders recognize the value of digital solutions in these four key areas, but knowledge gaps and a lack of technical infrastructure make it difficult to pivot and adequately address audience demands across all platforms and devices.

This study explores common digital transformation hurdles and how organizations can overcome them, including further analysis across the retail, supply chain and insurance industries. With special attention given to the four key areas of PointSource's digital transformation framework, this study provides insights for organizations looking to lay the foundation for an improved digital strategy, user experience and more.

PUTTING THE COMPONENTS OF DIGITAL TRANSFORMATION IN PLACE
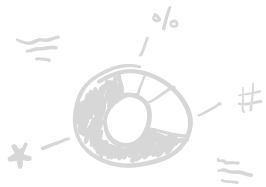
Digital transformation is not as daunting as it may first seem. The right framework and roadmap set the tone for an efficient upgrade that is scalable in the years to come. As organizations identify the key components of their digital transformation, they will be surprised by how accessible improved digital performance is.

And that's not to say organizations are in the dark about their own weaknesses. In fact, 42 percent of respondents say their organization's digital strategy lacks clearly defined business objectives with measurable key performance indicators (KPIs), and nearly half (48 percent) report that their organization's digital strategy does not provide a clear understanding of audiences.

In other key areas of the digital transformation framework, such as user experience, collaboration and technology, many respondents find their organization's existing digital strategy underwhelming. Organizations cannot afford to minimize the urgency of enacting digital transformation that solves for these limitations.

To guide successful change, organizations need to answer four key questions:

1. **Direction**: Where are you going and how will you know when you arrive?

2. **Experience:** Do you have the right engagement for the right audiences?

3. **Culture:** Does your culture support change and innovation?

4. **Technology:** Is your enterprise flexible and adaptable?

THE POINTSOURCE DIGITAL TRANSFORMATION FRAMEWORK

Like a physical structure, each area of the PointSource digital framework collectively bears the weight of digital transformation. And, like the four suits in a deck of cards, the key areas are most useful when shuffled together. When intermixed, the collective framework makes it possible for businesses to execute digital transformation with greater precision and flexibility, as well as meet their own unique business needs and the specific demands of their end users.

To help businesses take the first steps of digital transformation, the four key areas that consist of eight critical components are explored in greater detail throughout the following four sections, with emphasis on how to overcome roadblocks common to each area.

DIRECTION

Strategic roadmap
A roadmap with clearly defined business objectives to achieve incremental goals.

Data-driven innovation
Business objectives that drive iterative improvements towards business outcomes.

Scalable architecture
Focus on stability and agility utilizing BiModal IT practices.

Integrated systems
Align your data across all systems and services for better API management.

DIGITAL TRANSFORMATION

Defined audience
Clear understanding of audience segments and their expectations across each digital platform.

Unified experience
Seamless and intuitive user experiences across all channels.

TECHNOLOGY

EXPERIENCE

Aligned organization
Consensus across key internal stakeholders that extends across lines of business and that facilitates collaboration.

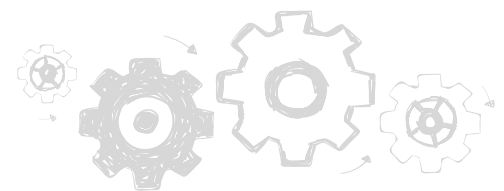**Optimized process**
Introduce new ways for your team to work together to create business efficiencies.

CULTURE

Source: PointSource 2017 Executing Digital Transformation Study

KEY FINDINGS

Although professionals across industries feel optimistic about the possibility of digital transformation and understand how gaps in their digital experience negatively impact company health, *key findings indicate that organizations must address inefficiencies across each component of their digital transformation strategy* to satisfy internal and external business needs.

- **Organizations are not confident in their visions for the future:** Less than half (44 percent) of respondents are extremely confident in their organization's ability to achieve its vision for growth, and 4 percent are not confident at all.

- **Unifying cross-channel digital experiences is a weak point for organizations:** Only half (51 percent) of respondents say their organization addresses specific user needs across all platforms.

- **Department leaders compete for resources and budget:** Three-fourths (76 percent) of respondents say their department competes with other departments in their organization for resources and/or budget.

- **Demand for change outpaces technological capabilities:** Eighty-four percent of respondents say their organization has disparate legacy systems that impact the speed of development of new digital experiences.

Key findings indicate that organizations must address inefficiencies across each component of their digital transformation strategy

DIRECTION

Where are you going and how will you know when you arrive?

- **Organizations lack clear goals, which makes recognizing progress difficult:** Less than half (44 percent) of respondents have two- to five-year goals that are measurable and give direction, and 39 percent of respondents have one-year goals that are measurable and give direction.

- **Organizations have KPIs in place, but fail to regularly report progress:** Ninety-seven percent of organizations have KPIs in place (company-wide and/or departmental), but only 53 percent require monthly or more frequent reporting.

The first step to executing digital transformation is defining what transformation looks like. *What are your goals? How will you measure them? Do all members of your organization understand their role in achieving these goals?* Answering questions like these not only ensures that an organization has direction as an institution, but also that employees are on board with this vision and understand the ins and outs of digital transformation.
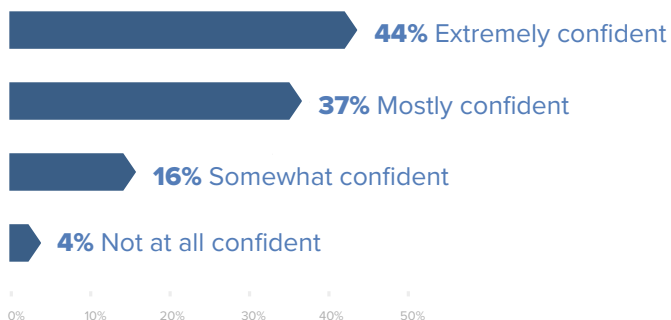
This level of agreement is not the norm within many organizations. Confusion around vision for growth is so pervasive that one in five employees do their jobs daily without confidence that the work done will help achieve their company's overarching goals. Less than half of respondents are extremely confident in their organization's ability to achieve its vision for growth, and 4 percent are not confident at all.

When confidence in an organization's overall direction is lacking, stakeholders must determine the root of this skepticism.

When broken down, respondents typically understand how their roles impact broader organizational strategic goals more than that they believe their co-workers do. Ninety-seven percent of those surveyed believe they understand how their role contributes to their organization's strategic goals, but this number drops to 86 percent when respondents were asked about how they perceive others within their organization feel about their own impact.

Similarly, just 43 percent of professionals strongly agree that their executive and department leaders are aligned on organizational objectives. Even when stakeholders do agree on company objectives, division of organizational perception indicates that leaders can do a better job of communicating goals company wide. Digital transformation is nearly impossible to execute without uniform belief in a vision for growth, or without a support network where all employees trust and believe in one another.

**How confident are you in your organization's ability to achieve its vision for growth?**

44% Extremely confident

37% Mostly confident

16% Somewhat confident

4% Not at all confident

0% 10% 20% 30% 40% 50%

Source: PointSource 2017 Executing Digital Transformation Study

RETAIL

Just 36 percent of retailers strongly agree that their internal stakeholders have goals that contribute to their organization's strategic roadmap. Retailers require agreement among stakeholders to uniformly guide disparate avenues for shopping, both online and brick-and-mortar. For retailers, a consistent end-user experience and alignment across all departments starts with leadership that fully understands and supports a singular strategic roadmap.

I understand how my role within my department contributes to the organization's strategic goals.

63% Strongly agree

34% Agree

2% Disagree

1% Strongly disagree
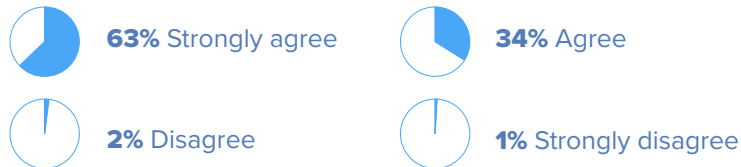
The findings here indicate that respondents feel positively about their company's overall direction, but confidence in organizational goals and vision for growth must be universal for seamless digital transformation to occur.

Total buy-in is even more crucial considering that many professionals feel they are working towards goals that are unclear and/or difficult to achieve. Only 44 percent of organizations have two- to five-year goals that are measurable and give direction, and just 39 percent have one-year goals that are measurable and give direction.

Even when organizations have KPIs in place, many raise concerns over reporting. Ninety-seven percent of organizations have KPIs in place (company-wide and/or departmental), but only 53 percent require *monthly or more frequent* reporting.

All internal stakeholders have goals that contribute to my organization's strategic roadmap.

43% Strongly agree

47% Agree

8% Disagree

2% Strongly disagree
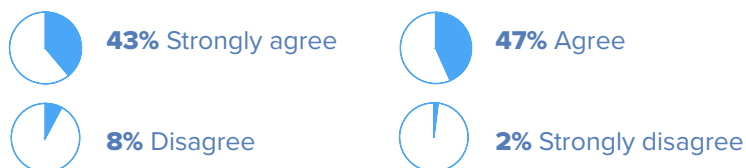
INSURANCE

Forty-one percent of insurance organizations have two- to five-year goals that are measurable and give direction, and just 35 percent of insurance respondents' organizations have one-year goals that are measurable and give direction. Insurance is an industry historically slow to make technological updates and forward-thinking investments. Stakeholders within this space can combat poor performance by better articulating where they are headed. Long-term and short-term roadmaps will give decision makers, as well as employees, the foresight to make smarter technology, platform and tool decisions moving forward.

How often does your organization report against its key performance indicators (KPIs)?

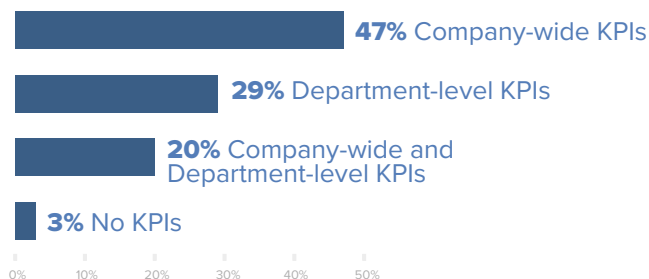|	
13%	Annually
33%	Quarterly
26%	Monthly
14%	Weekly
13%	Daily
1%	Never
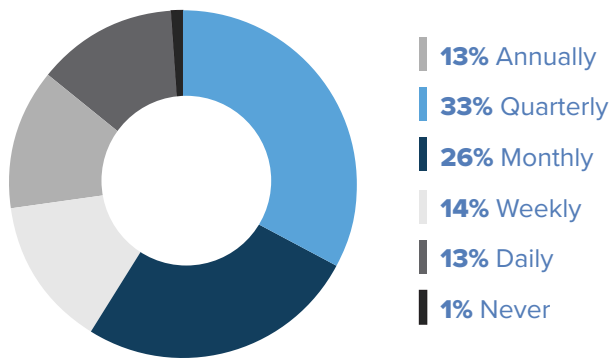
Source: PointSource 2017 Executing Digital Transformation Study

Underwhelming KPI reporting can also be attributed to insufficient tools. Just 38 percent of respondents are extremely confident in the tools their organization uses to measure KPIs. Many organizations are not monitoring internal processes or advancements often enough, which makes it difficult to quickly address inefficiencies and keep users happy.

Issues regarding a company's direction can compound challenges encountered during the digital transformation process. Employees may question the validity of their organization's digital strategy, fail to see how they and others contribute to the organization's goals, or lack the tools and resources to execute a successful digital transformation.

Digital transformation does not happen overnight, and it is not a single destination. It is a continuous, evolving journey that requires clear direction to keep an organization aligned and achieving both short-term and long-term goals. Successful digital transformation also demands a clear strategic roadmap with defined business objectives, as well as KPIs that are measurable and frequently reported against to drive iterative improvements.

Does your organization have clearly defined key performance indicators (KPIs)?

47% Company-wide KPIs

29% Department-level KPIs

20% Company-wide and Department-level KPIs

3% No KPIs

0%   10%   20%   30%   40%   50%

Source: PointSource 2017 Executing Digital Transformation Study

SUPPLY CHAIN

Just 25 percent of supply chain companies have both company-wide and departmental KPIs. Likewise, less than half (45 percent) of supply chain companies are extremely confident in the tools used to measure KPIs. Both understanding KPIs and constantly reporting on them are crucial steps to driving operational efficiency for supply chain companies. Particularly with reporting, supply chain companies require a real-time understanding of where progress is being made and where it is not.

Supply chain stakeholders cannot rest on the comparably good performance of their industry, but must keep pushing the standards for KPIs. A continued dedication to transparency and reporting is necessary to prioritize efficiency.

Tips for organizations

- **Establish goals at the individual level:** Every person within an organization should know how his or her day-to-day responsibilities influence positive change, from a new hire to the CEO. Determine what is expected of team members and clearly detail how individual goals impact overall organizational goals, and vice versa. Establish KPIs for every goal to track progress, and flesh out goals both in the short and long term.

- **Communicate goals loudly and often:** Share goals company wide so that all members of an organization understand how progress is being made, and by whom. Transparency around goal setting and achievement ensures accountability at the individual level while also creating a shared sense of responsibility for achieving digital transformation.

- **Determine a few KPIs, and stick to them:** Focusing on a few KPIs that make the greatest impact on the end-user experience helps an organization pursue goals in a logical and realistic manner. Likewise, specifying a limited set of KPIs ensures that employees have the time to frequently update progress made against KPIs with real-time information. As with goals, giving as many employees as possible access to organizational KPIs creates a complete picture of all progress made and reveals areas of opportunity to bolster digital performance.

Support from other areas of the framework

- **Experience:** Creating a digital strategy with the end-user experience in mind (e.g., prioritizing their needs and preferences) helps organizations align on SMART (strategic, measurable, achievable, realistic and time stamped) goals that are clearly defined.

- **Culture:** A company culture that encourages frequent collaboration across departments to problem solve, set goals, evaluate progress and more is essential to achieving the 100 percent buy-in needed for digital transformation. Organizations can set goals for departments that are not conflicting to further support collaboration and eliminate internal friction.

- **Technology:** Many organizations rely on multiple systems and services, which can make it difficult to access siloed information and have a holistic view of data. Flexible, adaptable technology is necessary to streamline operations, making it simple for employees to monitor their progress and report against KPIs more frequently.
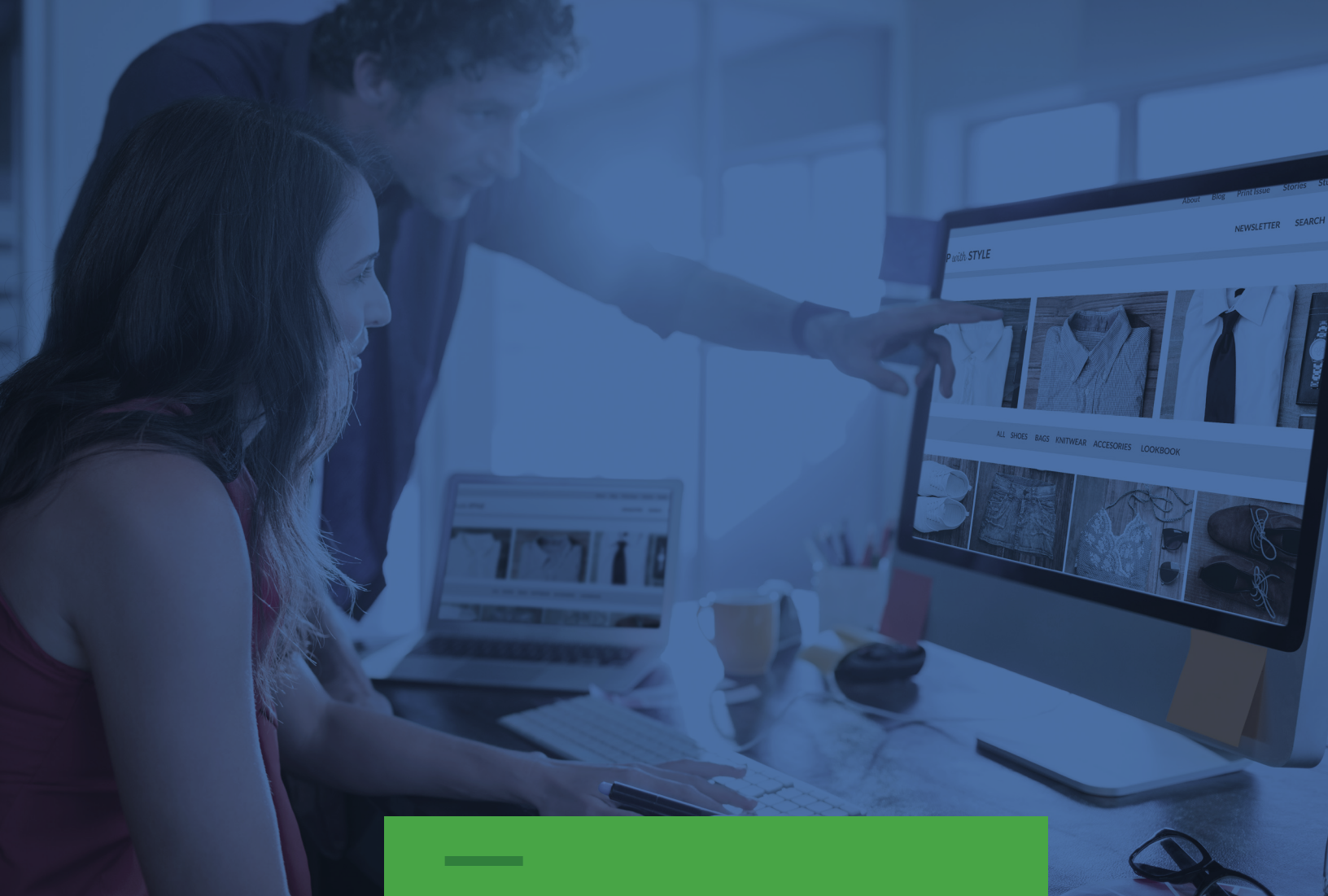
EXPERIENCE

Do you have the right engagement for the right audiences?

- **Organizations fail to align internal goals with external demands:** Just over a third (36 percent) of teams always prioritize SMART (strategic, measurable, achievable, realistic and time stamped) goals based on the level of impact to end users.

- **Organizations lack data-driven and experiential insight about key audiences:** One in five respondents (21 percent) feel their organization does not do enough in-person research to understand its audiences, and only a third (32 percent) of respondents are extremely confident that their data reporting leads to a greater understanding of their users.

Executing a cohesive engagement strategy across digital platforms requires a clear understanding of persona segments and their expectations for an excellent user experience, regardless of channel or device. Determining and implementing the right engagement strategies is critical because the absence of a unified, seamless and intuitive user experience can undermine even the most successful organizations.

For the most part, respondents feel at least somewhat confident that their organization's audiences are accurate and well defined. Ninety-seven percent of respondents express some degree of confidence, although just a third are extremely confident that their audience segments are precise.

How confident are you that your organization's audiences are accurate and well-defined?

33%
Extremely confident

39%
Mostly confident

**25%**
Somewhat confident

3%
Not at all confident
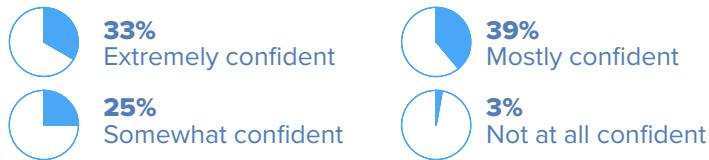
Source: PointSource 2017 Executing Digital Transformation Study

Feelings about audience journeys and behaviors echo this positive sentiment. Eighty-nine percent of respondents agree or strongly agree that their organization fully understands the journey its audiences go through as they experience their brand. Likewise, 89 percent of respondents agree or strongly agree that their organization adequately evaluates user behavior data when making decisions about the digital experience.

When it comes to cross-channel capabilities — a cornerstone of a successful digital experience — organizations feel equally confident in their current offerings. Nine in 10 (91 percent) respondents say their organization's brand is consistent across all platforms, channels and devices.

However, just half (51 percent) of respondents say their organization addresses specific user needs across *all* platforms, channels and devices. Thirty-seven percent address these needs across *some* platforms, channels and devices, and 10 percent do not address them at all.

Does your organization address specific needs in user experience for each platform — mobile, tablet, desktop, etc.?

51% Yes, we address specific user needs across all platforms

37% We address specific user needs across some platforms

10% No, we do not address specific user needs across platforms

2% I don't know if we address specific user needs across platforms
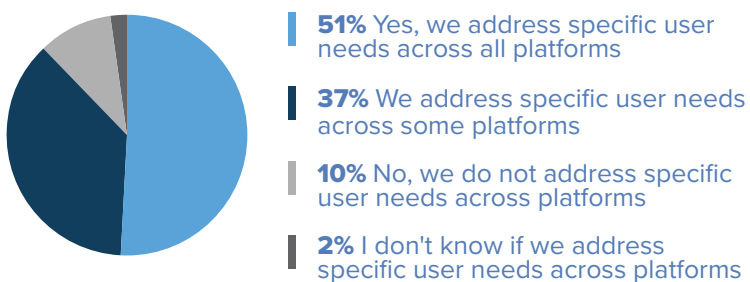
Source: PointSource 2017 Executing Digital Transformation Study

RETAIL

Only 35 percent of retailers strongly agree that their users can move easily and seamlessly across devices. Today's consumers employ multiple devices during their shopping journeys, from online research to point of purchase. Not only must retailers support digital-ready solutions that allow users to move easily from one device to the next, but user information must exchange seamlessly across devices, too.

Retailers in particular must excel when it comes to cross-channel capabilities, as they will see revenue tied directly to the quality of their omnichannel experiences moving forward.

SUPPLY CHAIN

Less than half of supply chain companies (44 percent) strongly believe that users can access information when and where they need it. Supply chain companies often cover vast geographies, from having multiple warehouses within the same city to outsourcing select responsibilities to other countries. With so many disparate users, supply chain companies require technologies that allow users to access information from anywhere, at any time. This should include the ability to upload information remotely, use mobile devices to share photos or scan barcodes, and even access the network without an internet connection.

My organization's users can access needed information wherever and whenever they need it, regardless of the platform or device.

42% Strongly agree

44% Agree

12% Disagree

2% Strongly disagree
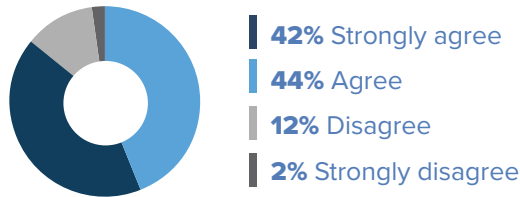
Source: PointSource 2017 Executing Digital Transformation Study

This behavior points to a larger disconnect between belief and execution. Eighty-six percent of respondents say their organization understands what its various audiences want and expect on different platforms, but the absence of a consistent digital experience suggests that while respondents say they understand their audiences' omnichannel needs, their technologies do not always support omnichannel behaviors.

For instance, more than 1 in 10 respondents (12 percent) say their organization does not know when, where and how its users interact with their company across all digital and physical channels and devices.

Similarly, 14 percent of respondents say their users cannot access information wherever and whenever they need it, regardless of the platform or device. Another 12 percent report that their users cannot move easily and seamlessly across devices.

My organization's users can move easily and seamlessly across devices.

36% Strongly agree

49% Agree

12% Disagree

3% Strongly disagree
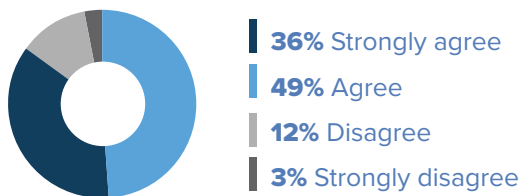
Source: PointSource 2017 Executing Digital Transformation Study

Respondents have a decent understanding of their audiences and how these groups experience their brands. However, it is equally clear that organizations do not have the complete picture.

One reason for this gap in knowledge is reporting. Just 36 percent of teams *always* prioritize SMART (strategic, measurable, achievable, realistic and time stamped) goals based on level of impact to end users. Along the same lines, one in five respondents (21 percent) feel their organization does not do enough in-person research to understand its audiences, such as focus groups, 1:1 interviews or live observations.

INSURANCE

Twenty-seven percent of insurance respondents say they do not do enough in-person research, and only 29 percent are extremely confident that their organization's audiences are accurate and well-defined. Reporting is key to insurance providers and policyholders, as information needs to be up-to-date and accurate to determine the best policy. Policyholders depend on insurance services during the most vulnerable moment of their lives, and insurance companies must meet policyholders' unique needs in real time. This is especially important considering the added financial stakes at play in popular lines of insurance like health, life and annuities and property and casualty.

Thus far, insurance companies have put resources into improving quote conversions and reducing forecasting risks. User experience and integration of systems have not come first. Insurance stakeholders must be willing to make greater investments in audience understanding and reporting to anticipate user needs and better provide policyholders with a user experience that matches the stakes and expectations of insurance as an industry. Or, they risk losing market share to digital-first competitors.

Even when proper data reporting technologies and procedures are in place, just a third (32 percent) of respondents are extremely confident that the data analysis leads to a greater understanding of their users.

Within the area of experience, data indicates that despite having confidence in their understanding of users, respondents could use more information to fully grasp the needs and wants of target audiences. Positive interactions with end users seems temporary, as organizations will never fully meet consumer expectations without clearly defined audiences and a unified user experience.

My organization does enough in-person research (e.g. focus groups, 1:1 interviews, live observations, etc.) to understand its audience(s).

36% Strongly agree
43% Agree
16% Disagree
5% Strongly disagree
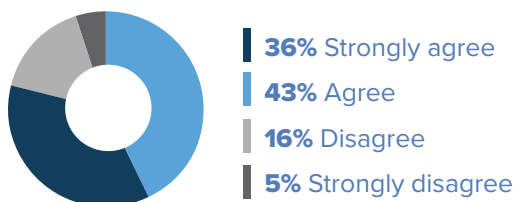
Source: PointSource 2017 Executing Digital Transformation Study

How often do teams within your organization prioritize SMART (strategic, measurable, achievable, realistic and time stamped) goals based on level of impact to end users?

Always	36%
Often	36%
Sometimes	25%
Never	3%

0% 5% 10% 15% 20% 25% 30% 35% 40%
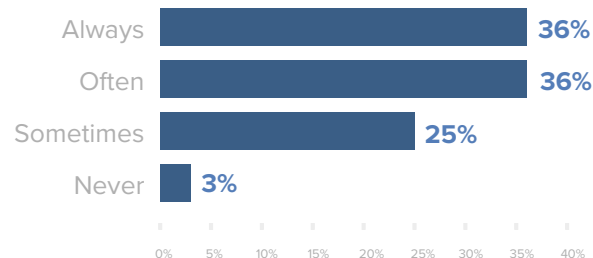
Source: PointSource 2017 Executing Digital Transformation Study

Tips for organizations

- **Spend time with target audiences:** Learning more about target audiences is the best way to provide users with the correct digital experience and solutions. While many organizations think they know their audiences well, users have unique demands that are constantly changing. It is crucial to institute routine in-person research to keep up with audience needs.

  There are many avenues to choose from, such as focus groups, 1:1 interviews and live observations. Using a combination of approaches helps all voices be heard and creates a holistic view of consumers. This depth of insight informs the type of digital strategy necessary to exceed target audiences' expectations for digital experiences.

- **Think cross-channel:** Today's organizations must provide a top-notch user experience based on the unique parameters of each channel and device. For example, a user interacting with a brand via social media may desire a more personalized experience than a user interacting with a brand on its website. However, all users expect easy access to the information they want within a platform's context, no matter the channel or device.

- **Make data work for you:** Timely and accurate reporting is easier than ever thanks to big data trends and advanced technologies. Organizations are constantly collecting data, both actively and passively, from online or in-person user interactions. Analyzing this information quantifies audience sentiment and makes it possible for organizations to quickly act on trends and user behaviors. Data should be the foundation of any update to the user experience.

Support from other areas of the framework

- **Direction:** The user experience is something all members of an organization impact, from IT to marketing and everything in between. Team members should have a shared set of goals and KPIs to help meet them. Employees must understand how their roles influence the end-user experience and feel empowered to suggest improvements.

- **Culture:** Each line of business has a small glimpse of the final picture, and a lack of cross-disciplinary collaboration prevents a seamless user experience and digital solution. Organizations must work to remove silos so that all members can collectively contribute to an improved end product that exceeds audience expectations.

- **Technology:** Organizational flexibility is obsolete without the technology infrastructure to support continuous and complex changes. Disparate legacy systems cannot manage the unique and varied needs of today's cross-channel digital environment. Organizations should consider technologies capable of integrating with third-party systems, as this allows them to tap into external partners' user data for a wealth of additional information.

CULTURE

Does your culture support change and innovation?

- **Department leaders do not regularly collaborate with one another:** Just 30 percent of respondents say departments across their organization always come together to problem solve.

- **Teams across organizations fail to pursue goals together:** Fifteen percent of respondents do not feel that all lines of business across their organization are aligned and work together toward common goals.

The right company culture is the secret ingredient to successful digital transformation. A strong cultural foundation supports strategic decisions, and organizations should do all they can to institute a culture where digital transformation is top priority.

Organizations must support change and innovation from top to bottom. And, for the most part, respondents feel this is the case at their businesses. Eighty-four percent of respondents say their organization does everything it can to institute a cultural transformation that supports digital improvements, and 94 percent believe their organization's leadership understands how digital solutions can create efficiencies in daily operations.

Much of respondents' frustrations stem from the fact that their perception of their organization's commitment to digital transformation is not backed operationally. Respondents feel their company culture supports the ideals of innovation, but they cannot overcome a lack of internal collaboration that makes executing digital transformation difficult.

When asked how often people in different departments come together to problem solve, just 30 percent of respondents say this happens *always*.

How often do people in different departments of your organization come together to problem solve?

30% Always

29% Sometimes

1% I don't know

37% Often

3% Never
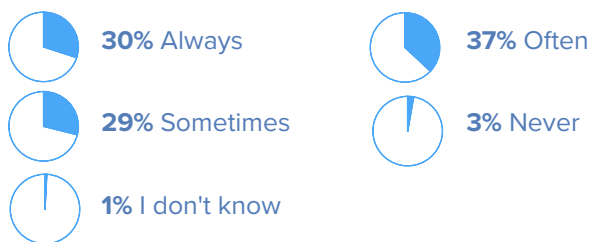
Source: PointSource 2017 Executing Digital Transformation Study

In the same vein, 15 percent of respondents do not feel all lines of business across their organization are aligned and work together toward common goals. Another 10 percent say teams across departments within their organization do not share accountability for specific goals, with just 42 percent of respondents strongly agreeing that departments within their organization do, in fact, share accountability for specific goals.

RETAIL

Ninety-seven percent of retailers agree that their organization's leadership understands how digital solutions can create efficiencies in daily operations. Retail respondents may express faith in their leadership's valuation of digital, but stakeholders must support this strong belief with action. Retail respondents' above average level of confidence in their leadership is susceptible to questions surrounding stakeholders' goals and their ability to make smart technological investments.

INSURANCE

Just 22 percent of insurance companies report that people in different departments of their organization always come together to problem solve. Compared to 30 percent of respondents overall who always come together to problem solve, insurance companies are not as collaborative as other industries. If departments are not working together to problem solve, then each department is only seeing a glimpse of users, including their needs and pain points. Any digital strategy that is implemented without improved teamwork will be siloed and create a clunky user experience, as well as have issues understanding and reporting on goals and KPIs.

Not only are departments misaligned around problem solving and goals, but they also suffer from unnecessary competition. Three-fourths (76 percent) of respondents say their department competes with other departments in their organization for resources and/or budget.

All lines of business across my organization (marketing, technical, operations, etc) are aligned and work together toward common goals.

37% Strongly agree

48% Agree

13% Disagree

2% Strongly disagree
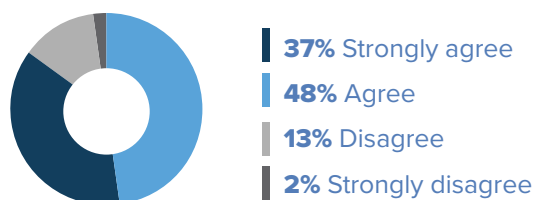
Source: PointSource 2017 Executing Digital Transformation Study

Teams across departments within my organization share accountability for specific goals.

42% Strongly agree

48% Agree

8% Disagree

2% Strongly disagree
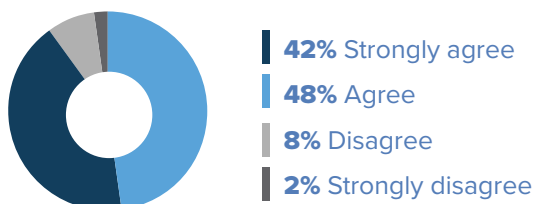
Source: PointSource 2017 Executing Digital Transformation Study

SUPPLY CHAIN

Thirty-nine percent of supply chain organizations strongly agree that departments in their organization compete for resources and/or budget. Organizations overall express similar frustrations when it comes to cross-departmental competition, but supply chain respondents report the strongest claims of internal friction. Although cross-departmental cooperation is of equal importance for all industries, supply chain companies are experiencing a greater rift, which makes it more difficult to align on common goals. Supply chain leaders must prioritize internal collaboration as the foundation for larger organizational digital transformation efforts.

Tips for organizations

- **Live and breathe digital transformation:** Instituting a cultural transformation that supports operational process improvements is a top down effort, and stakeholders within an organization must lead by example.

  Collaboration across disciplines will help businesses solve complex problems, increase operational efficiencies, spur innovation and boost the velocity at which they can execute changes. Stakeholders can promote this kind of collaboration by highlighting the benefits of past collaborations and continuously modeling how working as a team improves internal processes.

- **Create internal exchanges, not silos:** Departments must share accountability for specific goals and come together often to problem solve and ideate. Team members should feel that working together is the standard, regardless of their role. Healthy collaboration centers on developing personal relationships, mutual respect and an environment where employees are open to working together.

  To support this kind of collaboration, teamwork must be seen as a financially prudent move. Organizations will never find alignment so long as there is conflict over where the company is investing resources. Even when budgets are tight, a shared vision and direction can help departments work together and develop collaborative solutions that stretch resources and budget further.

- **Promote change and innovation:** All employees should feel safe to voice new ideas or innovative solutions within a collaborative environment. Organizations must create forums for sharing new viewpoints, as well as institute procedures that encourage open dialogue.

  Barriers like ego and fear limit how effectively departments work together and deter strong interpersonal relationships. Simply vocalizing that collaboration is expected, and then setting organization-wide expectations for tone, availability and demeanor, will help hesitant employees get on board.

  Business leaders can also inspire collaboration by physically facilitating it. For instance, devoted communal spaces, whiteboards and webcams are simple tools that can make teamwork second nature at any organization.

Support from other areas of the framework

- **Direction:** Clearly defined and transparent goals build trust and comradery within organizations. Misalignment around goals is often the results of a lack of information. In times of stress, KPIs are a great way to depersonalize goals and explore how progress toward digital transformation is happening without placing blame.

- **Experience**: Establishing the user experience as top priority gives all departments a common goal to work toward. Painting the big picture instills an expectation of teamwork and supports the culture of transformation required for successful digital overhaul.

- **Technology**: Improved digital solutions remove operational redundancies, are flexible to meet the needs of many departments and are capable of faster deployment.

  Investing in new digital solutions now will save organizations time and money in the future. New technologies will also limit infighting over resources and help departments realize that it is in their best interest to work together, not apart.
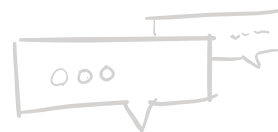
TECHNOLOGY

Is your enterprise flexible and adaptable?

- **Professionals demand stronger digital solutions:** Eighty-one percent of respondents are currently unsatisfied with one or more of the systems their organization relies on.

- **Disparate systems overwhelm organizations:** Twenty-two percent of respondents must use five or more technologies to gain a holistic view or their organization's users.

- **Existing systems limit integration opportunities**: One in four respondents find it difficult or very difficult for third party partners or service providers to integrate with their organization's existing systems.

Technology is one of the most important areas of successful digital transformation. Replacing outdated solutions may feel overwhelming, but digital-ready technology systems with scalable architecture and cloud-based capabilities are what give an enterprise the flexibility and adeptness to grow. Making the necessary technology investments will always show a return on investment worth the undertaking.

My organization has disparate legacy systems that impact the speed of development of new digital experiences.

38% Strongly agree

46% Agree

10% Disagree

4% Strongly disagree

2% I don't know
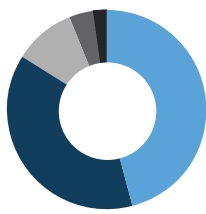
Source: PointSource 2017 Executing Digital Transformation Study

Ninety-five percent of respondents do believe their organization has the expertise and resources to maintain and improve upon its infrastructure. Businesses may experience transformation roadblocks with their existing digital solutions, but respondents are optimistic about their organization's ability to remedy these issues moving forward. Follow through on these intended improvements is crucial to remain competitive in today's digital landscape.

Many organizations struggle to embrace new digital-ready solutions, despite the importance of moving away from inefficient legacy systems. Eighty-four percent of respondents say their organization has disparate legacy systems that impact the speed of development of new digital experiences. Similarly, 81 percent of respondents are currently unsatisfied with one or more of the systems their organization relies on.

The drawbacks of dissatisfactory technologies are many. Pure legacy or web-enabled digital solutions make it more challenging for organizations to pursue valuable third-party partnerships, which can sometimes make a difference in the success of a digital transformation. A quarter (25 percent) of respondents find it difficult or very difficult for third-party partners or service providers to integrate with their organization's existing system(s). Cloud integration capabilities can make working with partners easier and eliminate many of the initial engagements and solution deployments organizations must otherwise endure before establishing useful partner networks.

**I'm unsatisfied with one or more of the systems my organization relies on.**

34% Strongly agree

47% Agree

14% Disagree

5% Strongly disagree
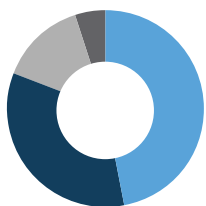
Source: PointSource 2017 Executing Digital Transformation Study

INSURANCE

Twenty-eight percent of insurance companies have yet to remove redundancies among their systems of record and integrate their technologies. Likewise, 79 percent of insurance companies have disparate legacy systems that impact the speed of development of new digital experiences, and 29 percent say it's difficult or very difficult for third party service providers to integrate with their existing systems. Many insurance needs are handled in real time (auto, health, etc.), and an insurance provider's digital architecture must support this behavior on both the provider and policyholder sides. Key areas of improvement are agility, more consistent updates and streamlining systems to better work together and allow for third-party assistance.

How difficult is it for internal developers, third party partners or service providers to integrate with your organization's existing systems?

|	
Very Easy	27%
Easy	47%
Difficult	21%
Very difficult	4%
I don't know	2%

0%   10%   20%   30%   40%   50%
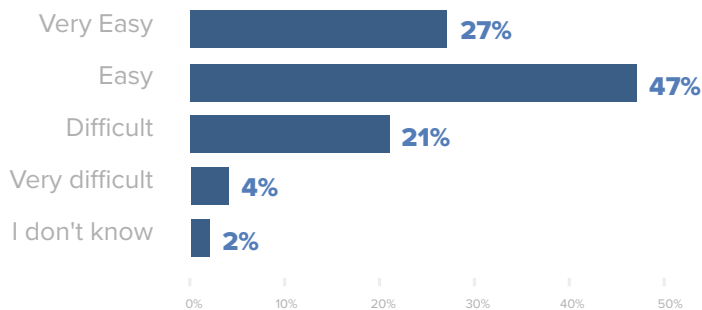
Source: PointSource 2017 Executing Digital Transformation Study

Another repercussion of insufficient digital solutions is a lack of audience understanding. While technologies should empower organizations to better understand their audiences and reveal key user-engagement opportunities, 22 percent of respondents say that they must use five or more technologies to gain a holistic view or their organization's users. Ninety-one percent rely on two or more technologies to get a full view of user behavior.

In addition to using too many technologies, 18 percent of respondents say their organization's digital experience architecture fails to distill information down to what is most valuable to the user.

How many systems must you access to gain a holistic view of your organization's users?

22%
5+ Systems

37%
4-5 Systems

32%
2-3 Systems

4%
1 System

5%
I don't know
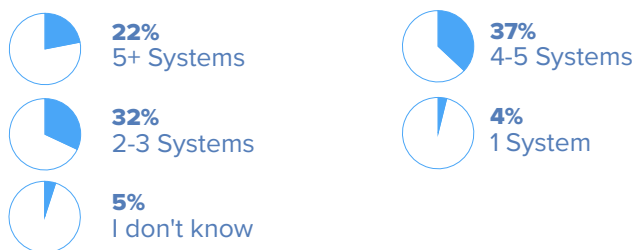
Source: PointSource 2017 Executing Digital Transformation Study

A third casualty of outdated digital solutions is speed. In a world where user demands change daily, an organization's ability to pivot is crucial. However, 20 percent of respondents say redundancies among their organization's systems of record plague performance and that they have yet to integrate their technologies.

SUPPLY CHAIN

Twenty percent of supply chain companies find it difficult or very difficult to integrate third-party platforms with their organization's existing systems. Without technologies and an architectural infrastructure that allows for integration and easy exchanges, supply chain companies cannot expect to drive operational efficiencies or fully benefit from third-party partnerships.

RETAIL

Only a third (33 percent) of retailers are extremely confident that their organization's data reporting leads to a greater understanding of its users. Retail respondents already use multiple systems to gain a holistic understanding of users, on top of other systems involved in financing, merchandising, etc. For an industry where brand-user relationships are crucial to long-term loyalty and repeat purchasing, retailers must improve reporting practices to better understand their target audiences across all channels and platforms.

Limitations to speed also hinder an organization's ability to deploy business requests, technology initiatives and organizational updates. Nineteen percent of respondents say their organization's architecture does not allow members to deploy changes quickly and continuously to address business needs.

Forty-two percent of respondents say the average duration of a technical initiative from business request to deployment at their organization is 6-12 months, and 36 percent say it takes more than a year. Similarly, on the updates side, two in five respondents (41 percent) say it takes hours to deploy a change from "production ready" to "in production" at their organization.

No matter how fast organizations currently operate, all should strive to be as nimble as possible and seek out technologies that encourage lean operations. Doing so allows companies to quickly deploy technology changes, respond to evolving user expectations and address architectural deficiencies with improvements that value speed and flexibility. The longer an update takes, the more taxing changes become and the less willing employees will be to make future updates that are necessary to keep up with competitors.
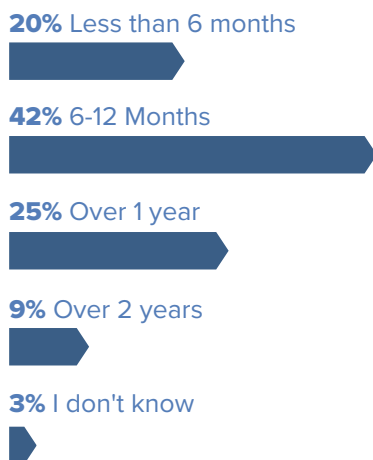

My organization's architecture allows changes to be deployed quickly and continuously to address business requests.
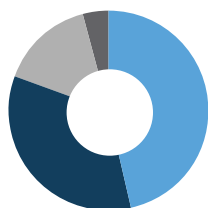
- **34%** Strongly agree
- **46%** Agree
- **15%** Disagree
- **4%** Strongly disagree

Source: PointSource 2017 Executing Digital Transformation Study

What is the average duration of a technical initiative from business request to deployment at your organization?

20% Less than 6 months

42% 6-12 Months

25% Over 1 year

9% Over 2 years

3% I don't know

0%   10%   20%   30%   40%   50%

Source: PointSource 2017 Executing Digital Transformation Study

How long does it take to deploy a change from "production ready" to "in production" at your organization? (e.g. deploying a software update, or moving a product from pre-production into production).
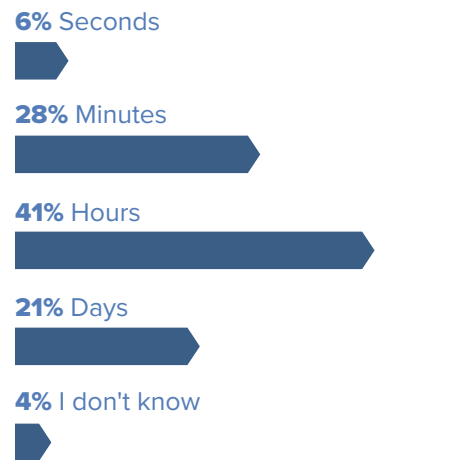
6% Seconds

28% Minutes

41% Hours

21% Days

4% I don't know

0%   10%   20%   30%   40%   50%

Source: PointSource 2017 Executing Digital Transformation Study

Tips for organizations

- **Simplify available technologies:** No organization should require five separate technologies to understand its users. Likewise, the speed and flexibility of an organization's digital solutions should never limit its ability to execute progress. Organizations must streamline technologies to create operational efficiencies. Using fewer technologies make employees nimbler, and team members will find it easier to meet user demands across all channels and devices in a timely manner.

- **Ask employees what they need:** Organizations should implement digital solutions with employees in mind, as these are the people using the technologies behind the scenes to create an excellent end-user experience. Just as organizations need direct input from customers, stakeholders or personnel with purchasing power need to hear directly and frequently from employees to gauge the effectiveness of existing technologies and learn what employees need from future technology investments.

- **Make technology investments now:** Digital transformation cannot occur without the proper technological infrastructure. Although the upfront investment in new systems may be daunting, the sooner organizations replace outdated systems with adaptive modern infrastructure, the quicker they can start earning return on investment from digital-ready technologies.

   Similarly, as leading digital solutions encourage integration with third-party vendors, early adoption of new technologies allows organizations to benefit from outside expertise faster. It may be unnerving to integrate technologies, but it is even more difficult (as well as more expensive) to drag out legacy systems that simply cannot do what today's evolving technology environment requires of them.

Support from other areas of the framework

- **Direction:** Having clearly defined goals and KPIs will help inform an organization's next technology investments. Although technology traditionally boosts performance for the other key areas of digital transformation, working backward from the intended uses of technological investments can help organizations sort through the many solutions available at market.

- **Experience:** The same backward logic applies to experience (and later culture). Hypothesizing the ideal user experience will help guide technology decisions. Organizations can match digital solutions with common user behaviors and funnel resources toward the channels and devices where key audiences are most apt to engage. Working this way ensures that employees have the tools they need to meet end users' highest priority demands.

- **Culture**: A cross-disciplinary environment will reveal gaps in technological capabilities. Unlike legacy systems, digital-ready solutions allow teams to collaborate on the cloud, accelerating the speed of projects and making it easy for anyone to access data wherever and whenever it is needed. Collaboration across departments also provides a more diverse pool of feedback for future technology investments.

CONCLUSION

Organizations can no longer rely on outdated digital solutions and expect to meet the demands of their digitally savvy users. Stakeholders must make changes recognizing that today's digital experience extends to many channels and devices, and that users have come to expect a cohesive experience that meets their needs, regardless of context or point of interaction.

The ability to perform across a wide variety of interaction points requires an updated digital strategy and infrastructure with full support of an entire organization.

Together, the four key areas of digital transformation — direction, experience, culture and technology — work to support an organizational framework that can adapt as technology and users' needs continue to evolve. With the 360-degree perspective that the PointSource Digital Transformation Framework brings to institutional challenges, organizations will be prepared to strategize, shape, execute and iterate upon their strategy for digital transformation.

METHODOLOGY

This study was compiled by a survey of 300 director-level or above marketing, IT and operations professionals across the retail, insurance and supply chain verticals. *Responses were compiled from the following demographics.*
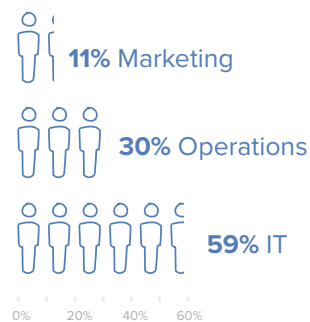
INDUSTRY

Which of the following best describes the industry in which you currently work?

- **33%** Retail
- **33%** Insurance
- **33%** Supply chain management
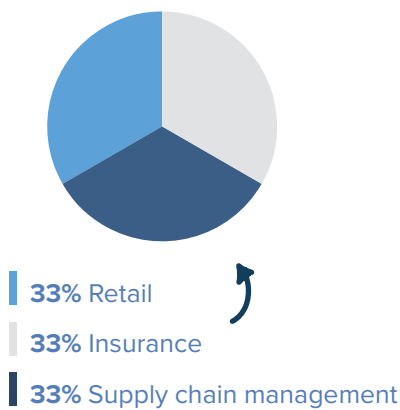
Source: PointSource 2017 Executing Digital Transformation Study

JOB VERTICAL

Which of the following best describes your job vertical?

- **11%** Marketing
- **30%** Operations
- **59%** IT

0%   20%   40%   60%

Source: PointSource 2017 Executing Digital Transformation Study

LEVEL OF CURRENT POSITION

Which of the following best describes the level of your current position?

- **19%** Vice President
- **35%** C-suite or executive
- **46%** Director
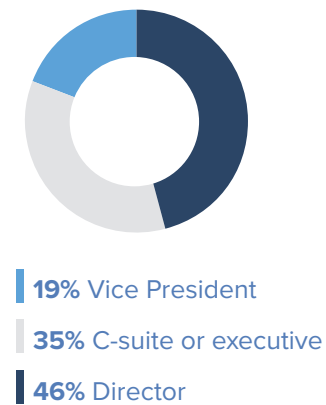
Source: PointSource 2017 Executing Digital Transformation Study

AGE OF COMPANY

Approximately how long ago was your company founded?

1-5 years	**5%**
6-10 years	**24%**
11-20 years	**26%**
21-30 years	**13%**
31+ years	**33%**

0%   5%   10%   15%   20%   25%   30%   35%
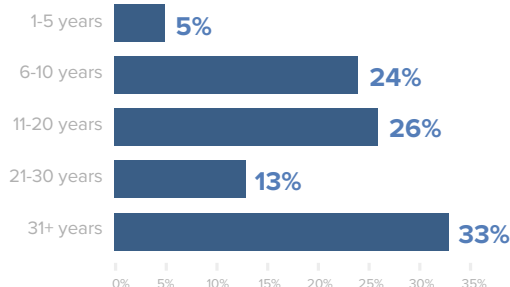
Source: PointSource 2017 Executing Digital Transformation Study

NUMBER OF EMPLOYEES

Approximately how many employees are in your entire company?

59% 1000+
41% 501 - 1,000

60%
50%
40%
30%
20%
10%
0%
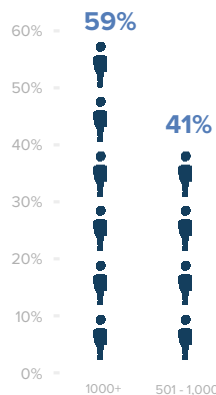
Source: PointSource 2017 Executing Digital Transformation Study

COMPANY'S ANNUAL REVENUE

Approximately how much is your company's annual revenue?

< 10 Million	**2%**
10 - 50 Million	**14%**
51 - 100 Million	**15%**
101 - 500 Million	**20%**
500 Million - 1 Billion	**20%**
> 1 Billion	**28%**

0%   5%   10%   15%   20%   25%   30%

Source: PointSource 2017 Executing Digital Transformation Study