IFS assyst

#1 Reason Why 80% of Digital Transformation Projects Fail

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Executive
Summary

Digital transformation is top of every enterprise's agenda at the moment. But alongside the attractive benefits there is also the knowledge that digital transformation initiatives too often fall short of their intended aims. In fact, some studies say that 80% or more of digital transformation projects fail. This eBook considers the biggest reason many digital transformation projects fail and the problems that contribute to the failure. It also looks at why Enterprise Service Management equips organizations to roll out successful digital transformation initiatives.

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[4] Forbes: Why Digital Transformations Are Failing

Introduction: _____

Digital transformation is at the top of every enterprise's agenda. IDC says: "[D]irect digital transformation (DX) investment is still growing at a compound annual growth rate (CAGR) of 15.5% from 2020 to 2023 and is expected to approach $6.8 trillion as companies build on existing strategies and investments, becoming digital-at-scale future enterprises."[1]

Digital transformation is critical because it delivers essential benefits such as:

Improved **efficiency**

Improved **decision making**

Improved **agility**

Improved **customer satisfaction**

Improved **profitability**

But despite its critical importance, every enterprise bears the scars of a digital transformation initiative that didn't quite achieve everything that had been expected. For example, of the $1.3 trillion that was spent on digital transformation in 2018, it's estimated that $900 billion went to waste.[2]

The Numbers Around Digital Transformation Failures

81%
of organizations have had a digital transformation project fail, suffer a significant delay, or be scaled back in the last 12 months[3]

This eBook explores the number one reason digital transformation projects fail and the three most common factors that contribute to it. It also considers why Enterprise Service Management holds the key to unlocking digital transformation success.

[1] IDC Reveals 2021 Worldwide Digital Transformation Predictions
[2] Harvard Business Review: Digital Transformation Is Not About Technology
[3] Couchbase: Digital Transformation Projects Continue to Be at Risk, Couchbase Research Finds

The #1 Reason: Most Digital Transformations Are Transformational In Name Only

When you look at the reasons why digital transformation projects fail, one thing stands out.

Most digital transformations are transformational in name only.

As author and independent management consultant Steve Denning says: "[A] hard look at the digital transformations in most big corporations today shows that these are initiatives with limited scope, often led from the middle of the corporation, with mostly passive support from the top management, initiatives that are merely tacked on to internally focused command-and-control hierarchies. Not surprisingly, such initiatives make little difference."[4]

In other words, digital transformation isn't a silver bullet.

It's why it's vital to prepare the way for digital transformation.

There's one tool that does this better than any other: Enterprise Service Management. We'll look at why that's the case later on in this eBook. But first, let's look at the three most common problems that sabotage your chances of digital transformation success.
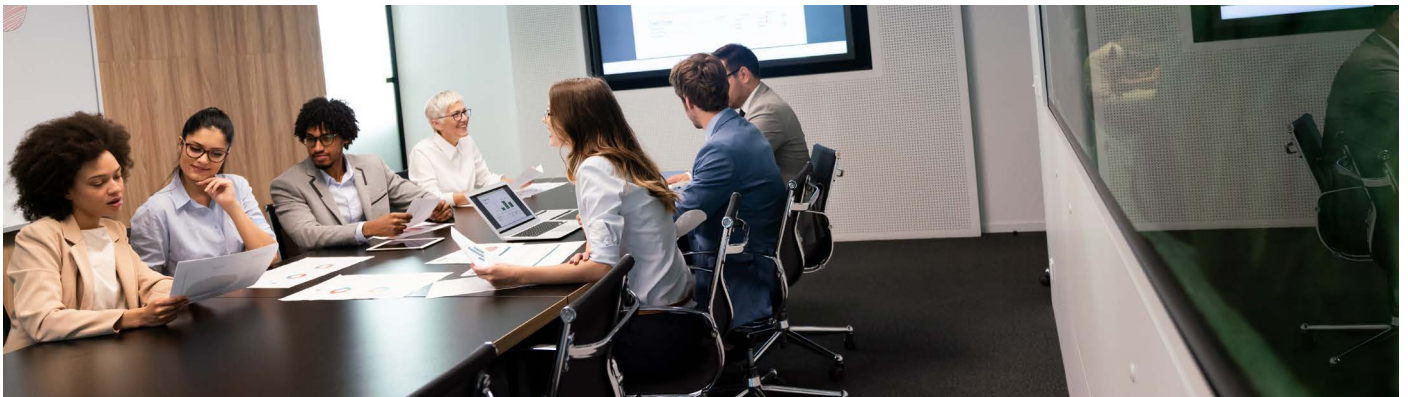

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[4] Forbes: Why Digital Transformations Are Failing

3 Common Signs Your Digital Transformation Could Be In Name Only

If you want digital transformation to be genuinely transformation, it's vital to get the building blocks in place before you start rolling out any new technologies.

Here are three areas where organizations most commonly fail to get it right.

1. You Haven't Thought About Your Why

The experts all agree: digital transformation isn't about the 'what' it's about the 'why'.

Tim R Barber, CEO of technology partner AzteQ, comments: "Most companies are technology-led rather than people-led. Some businesses say they want or need SharePoint purely because they know another business using SharePoint, … And too rarely are leaders taking a reality check to verify needs before they deploy and asking will this technology achieve what we want in the organization?"[5] It's why, he says: "we see CRM deployments where no process has been mapped out, users are not engaged and have had minimal training, therefore it has been sitting there for years with no one using it."[6]

Erin Casteel, lead architect and author of ITIL 4, says: "Simply adding the latest tech to your old industrial era organizational model and calling yourself digitally transformed won't cut it in terms of digital transformation."[7]

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[5] ITProPortal: Why digital transformation projects fail
[6] ITProPortal: Why digital transformation projects fail
[7] ITSM.Tools: Why Organizational Integration is Essential to Digital Transformation

Roy Atkinson, one of the top influencers in the service and support industry, says: "If you find yourself thinking about digital transformation as a suite of shiny, new technologies, stop. Begin by understanding that it's business transformation that is driven by customer experience and enabled by digital technologies."[8]

It's why lesson 1, according to Behnam Tabrizi, Ed Lam, Kirk Girard, and Vernon Irvin writing in Harvard Business Review, is: "Figure out your business strategy before you invest in anything."[9]

2. You Haven't Banished the Siloes

Business siloes are widely recognized as an issue that affects every area of a business. It's certainly an issue when it comes to digital transformation.

Erin Casteel says: "One of the biggest challenges business and IT leaders have today is siloed priorities across different business units or geographies, resulting in competing initiatives, overstretched resources, and deficient outcomes. There's also the issue of siloed information held discretely in different parts of the organization, rather than integrated by a common platform and integrated workflows. In terms of organization structure, functional, business-unit, or geographic silos are often either encouraged as a means of supporting internal competitiveness or are guarded by managers intent on protecting their territory, power, or perceived value to the organization."[10]

A report for the World Economic Forum notes: "[D]igital technology exposes flawed operational processes to customers. The transparency that comes with a digital business gives customers a window into lax execution, broken flows of information, fumbled transactions and rework. A key design principle of successful digital businesses is to avoid digitizing complex legacy operations. Successful digital businesses simplify in part by focusing on end-to-end customer episodes. They often put together cross-functional, Agile teams that own each of those episodes and have the mandate to delight the customer. Companies structured in this way can deliver change at a pace and scale that allows them to evolve with their customers' desires and needs."[11]

The same report adds: "Operations is the critical last mile in translating business strategy into reality. Whether substantially improving existing operations or preparing operationally for a complete redefinition of strategy, getting operations right is critical to achieving measurable business outcomes."[12]

3. You Aren't Considering How to Take the Organization With You

It's very easy to forget that successful digital transformation is in large part down to effective change management. And successful change requires winning hearts as well as minds.

As change management experts a-connect say, a lack of focus on behavioral change is often the biggest issue in the failure of digital transformation projects. They note: "[T]here's often no distinction between operational change and behavioral change."[13]

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[8] ITSM.Tools: Digital Transformation Is Not a Chatbot
[9] Harvard Business Review: Digital Transformation Is Not About Technology
[10] ITSM.Tools: Why Organizational Integration is Essential to Digital Transformation
[11] World Economic Forum: The Digital Enterprise Moving from experimentation to transformation
[12] World Economic Forum: The Digital Enterprise Moving from experimentation to transformation
[13] a-connect: Successful approaches to change management in times of disruption and digital transformation

Harry Robinson, senior partner at McKinsey & Company, comments: "Often the CEO doesn't set a sufficiently high aspiration. During the early stages of the transformation, he or she doesn't build conviction within the team about the importance of this change or craft a change narrative that convinces people they need to make the transformation happen. People throughout the organization don't buy in, and they don't want to invest extra energy to make change happen."[14]

90%
of C-suite executives say their company pays attention to people's needs when introducing new technology.

53%
of organizations have had a digital transformation project fail, suffer a significant delay, or be scaled back in the last 12 months[3]

Business transformation experts Panorama Consulting Group notes: "Executives hear the word "change" and think of cost savings and efficiency gains. Employees hear the word "change" and think of additional responsibility and possible job loss. Unsurprisingly, employees almost always resist organizational change. [...] This can slow down your digital transformation, and you might experience quality problems and reduced productivity. If employees don't use your new software or follow new business processes, you won't achieve the business benefits you expect. [...] One way to reduce resistance to change is to increase employee involvement. For example, employees can help brand the project.[16]

The Key to Success

Once you've successfully assessed and eliminated these problems, it's time to consider how to maximize your chances of success. There's growing consensus that Enterprise Service Management holds the key because it allows organizations to solve all these problems and more. Let's look at how it does this.

[14] McKinsey & Company: Why do most transformations fail? A conversation with Harry Robinson
[15] PwC: Our status with tech at work: It's complicated
[16] Panorama Consulting Group: The Importance of Change Management During Digital Transformation

# How You Can Deliver Game-Changing Returns with a Successful ESM Implementation

When it comes to setting your organization up for success, Enterprise Service Management helps you take a massive leap forward.

What is Enterprise Service Management?

Enterprise Service Management gives employees the consumer-grade tools they have come to expect in their personal lives whenever they engage with your organization's service providers, whether that's IT, Human Resources, Legal, Facilities, Security, Sales, Marketing, or Finance. By creating a common service catalog, it eliminates manual processes such as employee onboarding or procurement that so often hold organizations back.

It takes the principles of IT Service Management (ITSM) and rolls them out across all business functions.

For many people, Stephen Mann, Principal Analyst & Content Director at ITSM.tools, sums it up perfectly when he says: "One could argue that the rest of the organization has finally caught up with what the IT department has known for half a decade or even longer. That two similar strategies – digital transformation and enterprise service management – offer business functions the ability to improve their operations, services, experiences, and outcomes through the increased exploitation of technology and ddata."[17]
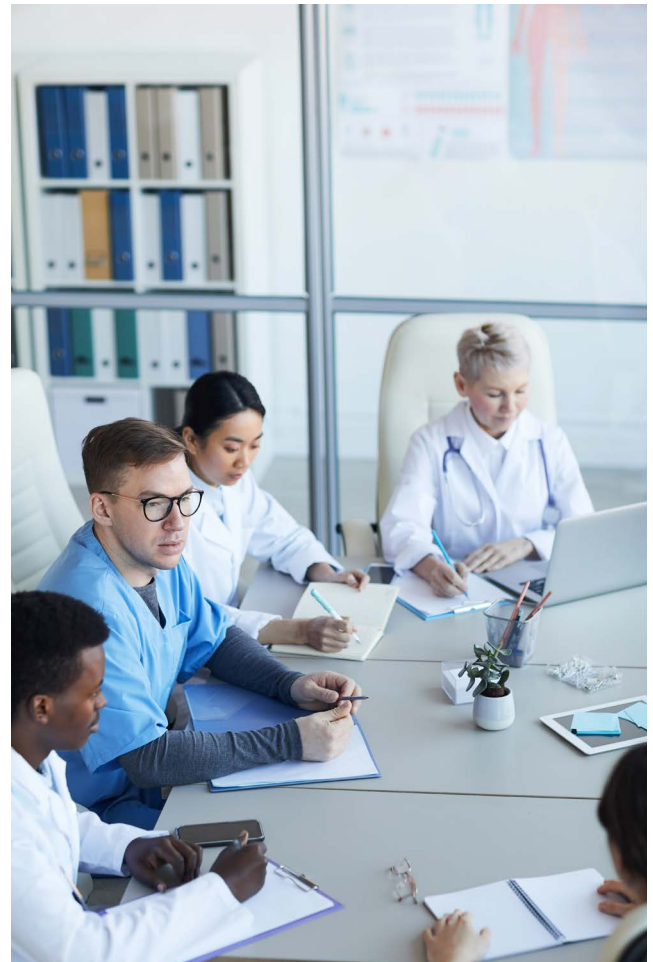
|77% of ITSM professionals say that ITSM is an important component in digital transformation. [18]

[17] ITSM.Tools: The Current State of Enterprise Service Management and Digital Transformation
[18] Axelos: The ITSM Benchmarking Report 2019

It achieves this because ITSM / ESM create the seamless back-end set-up that enables digital transformation success.

However, it's a mistake to simply think of ESM as a service portal. Its capabilities stretch far beyond this.

Consultant Doug Tedder comments: "Unfortunately, many organizations have under-envisioned ESM as simply providing a service portal for making requests of departments across the enterprise – not just IT. I'd call this "ESM 1.0" – the digitalization of existing processes. ESM 1.0 does little to break down organizational silos or deliver end-to-end value; it simply facilitates the execution of activities. The potential of ESM is what I would call "ESM 2.0". ESM 2.0 is all about enabling and delivering business value chains in the form of services. This approach recognizes that to actually deliver value requires a set of coordinated efforts from across the enterprise."[19]

How ESM Helps Organizations Overcome the Problems That Prevent Digital Transformation Success

Executed properly in the way Tedder suggests, ESM helps organizations overcome the problems we explored in the previous section.

- It forces organizations to get clear on internal requirements.

- It helps organizations identify improvement opportunities and eliminate inefficiencies.

- It gives organizations the data to set meaningful KPIs for continuous service improvement.

- It facilitates the breakdown of silos because it forces organizations to look cross-functionally at operations.

- It supports increased automation because processes and procedures can be documented and defined.

- Ultimately, it gives organizations the tools to improve the customer experience and deliver enhanced Moments of Service.

It seems as if organizations are taking the potential of ITSM and ESM to heart. Encouragingly, 56% of ITSM professionals say that ITSM is aligned with business strategy and 18% say it is 'very aligned'.[20] So if Enterprise Service Management holds the key to the success of digital automation, the only question, surely, is which enterprise service management solution should your organization embrace to realize the benefits? The answer is IFS assyst.

[19] Institute for Digital Transformation: Are Enterprise Service Management and Digital Transformation the Same Thing?
[20] Axelos: The ITSM Benchmarking Report 2019

5 Reasons IFS assyst is Trusted by Leading Organizations

IFS assyst is a single cloud-based app that gives organizations the ESM tools to design, automate and simplify workflows along the value chain and deliver amazing Moments of Service.

1. An End to Silos

IFS assyst empowers end users with digital tools that give them access to information, services and support at any time, in any place, and on any device.

It levels up productivity because it connects IT and business people across the globe with a gamified collaboration platform that enables them to capture and share knowledge so they can solve business problems faster.

2. The Ability to Seize Competitive Advantage

IFS assyst gives you the tools to accelerate growth. Teams can crowdsource knowledge and solutions from across the entire organization to accelerate problem solving and innovation. Digital IT project

management tools accelerate delivery of elevation innovations so you can neutralize competitive threats and lead disruption.

3. Time-Saving Benefits

IFS assyst helps you manage your IT service and IT project portfolios within a single unified management system. Individual departments are also empowered to deliver better service because they can use the simple drag and drop tools to automate operations.

> "
>
> "assyst's comprehensive solution has allowed us to save time in deploying cloud infrastructure to the benefit of our customers. It's also enabled us to be more responsive to customer demands while delivering a well-managed service with a high availability of 99.999% uptime."
>
> **Sean Hywood, Focus on Business**

3. The Ability to Scale

Because IFS assyst streamlines operations and turbo-charges efficiency, organizations are better equipped to scale.

[21] Focus on Business Case Study

#1 Reason Why 80% of Digital Transformation Projects Fail

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> "Over and above the relatively simple introduction of the solution into our organisation, assyst has allowed the Scottish Government to quickly adapt our service delivery models to whatever requirements or demands the business makes of us."
>
> **Graham Mitchell, Head of IT Support Services, Scottish Government[22]**

> "
>
> "With assyst, KSB is using a software solution which, due to its breadth of functionality and open data model, can grow in line with our company and requirements. Thanks to assyst we only have one database that needs to be kept up-to-date. In addition, the software makes our day jobs easier and I can look at current data at any time for reports. We already have put many projects in place and want to continue to improve and expand the service to our customers."
>
> **Frau Brachmann, IT Governance Manager KSB[23]**

3. Customer Omni-Channel Self-Service Enablement

IFS assyst is a key enabler in customer omni-channel self-service.

It gives customers a clear, clean, and consistent user interface across web, mobile, messaging, and voice and the ability to place orders, track orders, request information, and more, all in real time. As such, it creates an enhanced experience.

[22] The Scottish Government Case Study
[23] KSB Case Study

Conclusion

Digital transformation holds the key to equipping your organization to survive and thrive.

But simply bolting a digital tool onto your organization's existing processes is a recipe for failure. Digital transformation done like this exposes flaws and makes them worse.

It's why the first step to a successful digital transformation program is preparation – thinking about your why, eliminating the siloes, and bringing the organization with you.

Just as important is to embrace Enterprise Service Management, which by its very nature will force you to solve many of the potential problems that affect your chances of success.

And when it comes to choosing the ESM solution that's right for you, IFS assyst has got the track record you need.

It's a highly accredited and respected solution that's proving its worth in the real world.

It has been consistently featured in Gartner's Magic Quadrant for ITSSM Tools for over 15 years.

It is the only single platform to be accredited for all 16 PinkVerifyTM Service Management processes.

And it was ranked as a Leader in The Forrester Wave™: Enterprise Service Management, Q4 2021.

It could be the difference your organization needs to secure digital transformation success.

About IFS assyst

Global brands trust IFS assyst to automate complex business processes easily without fuss.

We deliver frictionless customer and employee experiences, one intelligent workflow at a time. Our modern service management technology lets you automate service delivery and support so your customers get what they need fast, and you can focus on building the future of your organization. IFS assyst is uniquely easy to buy, set up, use, and upgrade. Whether you're in IT, HR, Facilities, Finance, or any other team that provides services to customers and employees, IFS assyst puts service management technology within your reach. Our process automation takes the boring out of everyday tasks, allowing you to focus on work that matters.

Everyday we assyst!

About IFS our Parent company

IFS develops and delivers enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations. Within our single platform, our industry-specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers – at the Moment of Service.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector. Our team of 4,000 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers.

Find out more

For further information, *e-mail assystme@ifs.com, contact your local IFS office or visit our website, https://www.ifs.com/solutions/enterprise-service-management/*