

Digital Transformation Strategy providing drivers, prioritization, and an assertive planning: an Experience Report of a Business Conglomerate

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***Abstract.** During the development of a Digital Transformation (DT) Strategic Plan, it should be considered Business drivers, management models, recognized IT methodologies, IT processes and technical/business dimensions. However, human value is so important as the plan because behavioral issues and conflicts of interest could limit or destroy the plan. This paper also discusses project phases and what were the main points emerged. The project enabled discussions and the engagement of IT leaders, respecting points of view and defining priority actions that were materialized in initiatives in DT Strategic Plan. In addition, it was necessary to re-design IT organizational structure with roles and responsibilities to support DT Strategic Plan.*

1. Introduction and Digital Transformation Strategy concepts

In Brazil, there is a family firm [Vola and Songini 2015, Polat 2020] about 70 years old, which is composed of a diversified portfolio of brands and products from different segments, working with 15 companies, directly employing more than 10,000 employees. This client selected a Consulting Firm (Big Four) to support the Digital Transformation (DT) considering a Technological view: DevOps, Cloud Computing, new IT Architecture Models, IT Governance and Application Portfolio Analysis. In addition, it identified different expectations and business needs to build the Digital Strategy Plan. In this way, a New IT Operating Model was discussed and defined to support Digital Strategy that was composed by a concrete set of initiatives [Correani et al. 2020]. It could be a competitive advantage over your competitors.

DT has high priority in most organizations. It presents changes and benefits those digital technologies can bring about in organizations but also discusses risks [Brown and Brown 2019]. A well-defined DT Strategy is a critical success factor to create value. It must consider different aspects, involving cultural changes, adjustments, or new processes in IT or in Business areas and possible adaptations in the organizational structure and in the roles and skills. DT is directing organizations towards flexible organizational designs [Albukhitan 2020] that allow continuous adaptation [Hanelt et al. 2021]. DT Strategy [Brown and Brown 2019] requires making appropriate strategic decisions in several key areas, all the time. Technological decisions occur in several situations, especially when defining emerging technologies [Ismail et al. 2017], innovation and new technology solutions [Hess et al. 2020].

2. Client Contextualization

The organization decided to unify all IT areas of the conglomerate's companies, with the promise of better quality and costs. It also decided to outsource basic IT services which led to several layoffs. However, the companies were dissatisfied considering that their needs were not met, because the needs were very different from company to company.

After 2 years, the IT Area was managed totally cost-oriented. However, it was decided to transform it into an area focused on adding value to the business, proactive, innovative with operational excellence. For this, a Digital Transformation Strategy should be defined. The motivation of the IT team was very low, and the turnover was high.

3. Experiment Report

3.1. Project Scope

The objective of the organization was improving IT services besides preparing itself for the future, taking into account the market scenario, and specially focusing on repositioning IT image in front of business areas, and on increasing operational productivity, by developing a new organizational structure, changing team behavior and the functional operation of IT capabilities. The company had the desire to better align IT outcomes with business strategy, as well as identify future technology needs, considering that the business environment is constituted of an ever-evolving array of tools, methods, ideas, and circumstances.

The project analyzed topics such as products, people, processes and technologies in order to identify improvement opportunities, by capturing the perception of the business in relation to the services provided by the IT and also by examining IT processes. From these compiled components, a roadmap of initiatives was defined to address the identified challenges.

3.2. Project Approach and Methodologies

The project had been structured in five main phases starting with the **Project guiding principles definition**, to identify project drivers. Next phase was **IT maturity assessment** to make an overall understanding of IT and Business Units related. The third phase was **IT Operating Model Analysis** to discuss IT details and restrictions. The fourth phase was **IT Operating Model Design** where the model was designed considering customer needs and market best practices. Finally, the project developed **DT Roadmap** with a list of initiatives and their prioritization and detailing (Figure 1).

The **IT employee** is key to the success of DT Roadmap, so improving the IT Employee Journey should be a priority. The project created a specific IT dimension called "People" where all Change Management issues were collected, discussed, and defined as initiatives on Roadmap. The objective of People dimension was to protect and advance the culture of the Organization, enhance the workforce and workplace to meet IT Employees needs today and in the future. Also, it should prioritize employee rewards and well-being, improving productivity and collaboration across the organization.

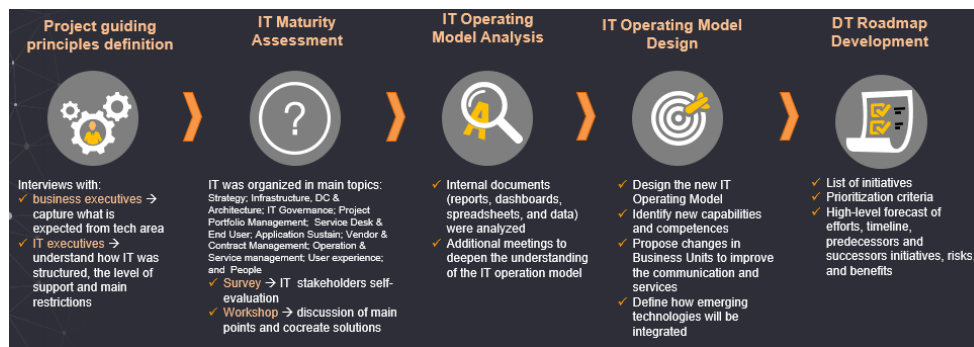


Figure 1. Project Methodology

Employee experience journey maps reflect an aspirational ‘day in the life’ of identified key employee segments within Organization. The voice of the IT Employee is also reflected in the employee journeys, taking into account what was heard in the focus groups, online surveys, business stakeholder interviews and feedback provided during various design sessions.

4. Project results, discussions and lessons learned

The project's first major deliverable was **IT Drivers**. Based on the understanding of the Business Strategy, the directions for the IT strategy were defined. In addition, the project obtained the **sponsorship** of the C-Level and made explicit the objectives to be achieved. This was important because IT goals and plans were disseminated to all Technology Area, to all positions, from executives to specialists with Business alignment. Based on best practices, recommendations were discussed, and a new IT Operating Model was created based on **team consensus** and approved with the C-Level. In this way, everyone could participate and feel like agents of change. It was not a top-down decision. Situations of decision-making on complex IT topics such as prioritization criteria, enterprise architecture, application rationalization, and third-party strategy, the problem was broken down into a series of smaller decisions to made easier analysis and mitigated risks.

The DT Roadmap was developed with 30 initiatives considering four categories: **foundation, improvements, transformation, and people oriented**. This mix enabled a balanced roadmap for the expected growth for the next 3 years. Culture Barriers within organizations represent obstacles for DT Implementation Plan. Defining governance processes and organizational design where cross skilled empowered teams can foster a collaborative culture, with continuous learning by experimentation. Also, in a **high trust work environment** guided by shared team goals helps to overcome such cultural barriers and silos. Sometimes, during DT Roadmap validation may appear **personal interests** disguised in corporate needs. In this case, it is important to demonstrate technical reasons for the best alternative, but the choice will always be made by the customer.

Technology Area needs to be **trained across digital concepts and practices** to manage quality, expectations and reduce conflicts. Management, development, and operation teams need to have the same understanding and alignment.

The discussion and definition of **emerging technologies** to support the future needs of the Business is important, but it is essential to have a solid architecture implemented and good management of the environments. Often business areas prioritize innovation but without foundation, technological environments will be unstable.

DT Roadmap aimed Organization to achieve **speed, efficiency, accuracy and transparency** in all end-to-end IT models and processes by leveraging the full potential of digital & operational excellence. In addition, the IT area is contributing significantly with the Group's digital transformation and define IT Governance mechanisms to drive and orchestrate a unified digital portfolio with clear traceability.

There are several **lessons learned** identified during the project. First of all, is to create a transformational movement by having employees, customers and stakeholders periodically provide ideas and feedback about DT Roadmap prioritization and implementation. Other important thing is to have identified which are IT Strategic Partners to support the Organization during the DT implementation. Because they could help during urgent or unexpected situations. Place people at the center of your business and use (emerging) technologies and innovation to improve efficiency. Build and sustain IT Digital models, build capabilities and empower regulatory policies. Engage IT employees with the same importance as business employees.

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