

## Insights Series – 1 : Digital Transformation

Compiled and Edited by **Ipek Sahra Ozguler**  
International Correspondent  
Istanbul, Turkey

The Insights series is designed to provide exclusive opportunities for project management professionals to learn new perspectives on various key trends and topics. The series will include thoughts and reflections by project management experts and thought leaders from around the world.

The subject this month is “Digital Transformation”. Several well-known project management leaders seek to address the following questions:

- What is digital transformation?
- How to manage digital transformation
- How to sustain digital transformation
- The Key Success Factors
- Challenges / Opportunities

### Invited Project Management Leaders this month:

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## Al Zeitoun

Chief Executive and Global Innovation Strategist

PMI Fellow

Past Member, PMI Board of Directors

### Reflections on Digital Transformation – *Creating True Benefits*

I am a big believer in excellence in operating and delivery of strategic outcomes. For me, the equation for excellence is built on increasing process autonomy, digitally capable people, and agile, delivery- focused governance.

This is where digital transformation fits into the mix. In a time when 10X scaling is a strategic priority for many of our organizations, this is what gets me excited about digital transformation’s potential, especially as it links to the achievement of strategic outcomes of our businesses in the forms of programs and projects. The immediate shock I get is that several studies note that around 70% of digital transformation initiatives still fail. This brings me back to my classical statement that I usually make when talking with executives and decision-makers: “Programs and projects fail before they start because they start for the wrong reasons.” In my view there are no more qualified candidates to fall into that trap like digital transformation initiatives.

As I digest the cases when I have encountered excited leaders willing to catch up or take the lead on being digitally enabled business, I saw time and again that they don't take the time to truly understand why they are making that a priority, traditionally coupled with an extreme failure in communicating the transformation vision across the organization layers. My observations, working closely with many global organizations pursuing transformation, is that we need a balanced approach and a model that addresses the three major spheres of focus: culture, systems, and people as will be shown in figure 1 below.

### ***The Digital Transformation Success Model***

Managing and sustaining digital transformation benefits is a true example of creating a holistic end-2-end view of the transformation. This means being driven by purpose and breaking down the silos that exist between the business units and the technology team. They are one team! Asking the right questions, that will get us the true relentless focus on the customers and users, is naturally critical to enhance the chances of focus on benefits. The model is about addressing some of these questions.

As you see in figure 1, and for **culture**, I have chosen 3 elements to consider:

- Investing in diversity that is viewed not a concept, but a well-practiced way of life
- Connected tissue is a critical priority in designing business model and way of working
- Risk Appetite is constantly addressed and gauged to fit strategic growth aspirations

For **systems**, I suggest the following 3 elements:

- Recognizing that integrated is the magical ingredient for systems' impact on transformation excellence delivery
- Recognizing that choices for amount and complexity of processes and governance details are context sensitive
- Tailoring a future trends orientation to support the operating models' efficiencies

And finally for people, I would consider the following 3 elements:

- Investing in a mindset that has a strong preference for experimentation
- Building curiosity as a dominant personality trait that develops a knowledge orientation
- Fostering a value-centric thinking that is evident and connects to outcomes

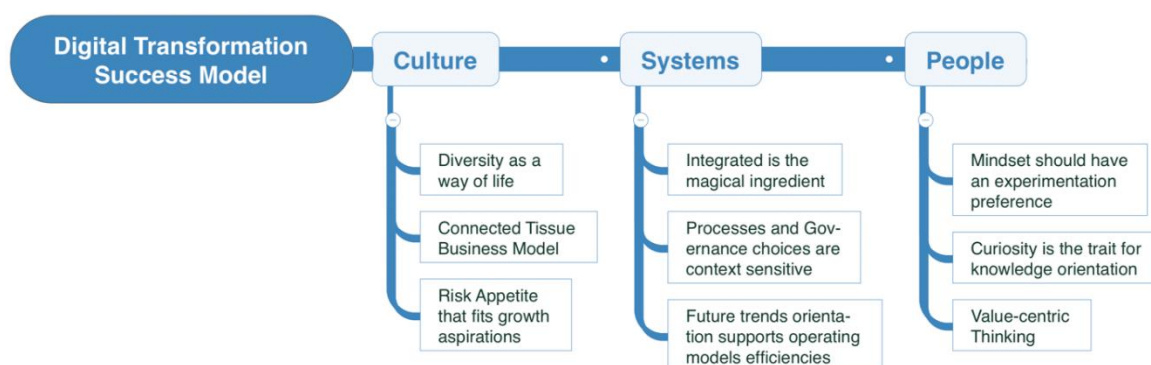


Figure 1 – Digital Transformation Success Model

So, are the **challenges** ahead of digital transformation going to continue? Whether around the focus on empathy towards stakeholders' true needs or implication on business models changes! Yes, and for sure, yet I am certain if we pay attention to the balancing of the 3 model's spheres, that this will get us the necessary humanization that is required for critical transformations to success.

**Opportunities** ahead for digital transformation are massive and its application to the world of projects and programs are immense. Freeing the program and project teams to focus on creativity, true collaboration, and integrating amongst learning themes will be a much better use of people's time. Integrated enablement of digitalization takes away many of the stresses associated with poor estimates, wrong assumptions, communication deficiencies, amongst other classical obstacles towards an improved future way of working.

Thank you for taking the time to read this reflection and I look forward to the further interactions and views on this important topic. Until then I wish you all more vulnerability with the experimentation required to get your digital transformation right.



## Andy Kaufman

Project Management & Leadership Keynote Speaker,  
Author, & Coach, Podcast Host. We help you learn how to  
lead & deliver.

### What is digital transformation?

Digital transformation is one of those terms that means different things to different people. Just as projects struggle when the problem definition or business case is not clear, digital transformation initiatives will similarly struggle if not clearly defined.

### The Key Success Factors

The key success factors are specific to the company's culture, strategy, and priorities. Through this lens, digital transformation projects are similar to any other project. They will succeed or fail for similar reasons that any project will.

- Do we have clarity on the problem?
- Do we have executive support?
- Are we involving stakeholders to understand their needs, get their buy-in, and manage expectations?
- Are we actively managing risks?
- Can we subdivide the transformation into incremental deliverables, focusing on the highest value deliverables first?



## Gaurav Dhooper

Program Manager, Digital Strategy & Agile Practitioner at Genpact, India Hub President at PMOGA®, Sr. Official at IAPM®, SAFe5®Agilist, FLEKS Hybrid Manager

### What is digital transformation?

Transforming businesses, enhancing employee and customer experience, fostering a learning culture, improving productivity, outcomes, and effectiveness have always been part of the strategic manifesto. To build a robust strategy, it requires an alignment between the projects/initiatives and the organizational objectives. Digital Transformation plays a vital role in strategizing the plan for reimagining or redefining your existing processes, operations and relationships with your employees, customers, suppliers, and partners through digital medium. Since digital technology enables the transformation by providing the essential tools to replace non-digital or manual processes with digital processes, it becomes imperative to understand the following: -

- **People, Process and Technology**- All these elements of digital transformation go together. Understanding people is the key aspect as it tells you about their existing skills and capabilities and how and where you need to focus upon for reskilling and upskilling them. Identification of pain points in the existing process and defining a future state aligned with the

key results and benefits will help you design your digital strategy (including GTM strategy) around incremental and iterative process improvement or doing a complete process overhauling. Technology must be used only when the existing process is in a working state as it makes no sense to automate a process which is not working or streamlined or having bottlenecks due to its unstable nature. Process re-engineering should be done first before bringing in arms and ammunitions of digital technologies. The business value is at the core and each technology innovation must be supported by it.

•**Current business model** – Most important levers of any business model are pricing and costs. A digital business model does not always mean a purely digital value proposition. It is very important to understand the customer problems that we are trying to solve in terms of productivity, financial, process or support aspects. Once this is clearly articulated, then build a business model around it and seek continuous feedback to adjust. The pricing is done based on the most important features required and a customized approach can lower the pricing and the cost. The scalability and the ease of adaptability to switch to a new platform when needed makes the business model more valuable and is positioned appropriately.

•**Competitive landscape** – The competitive advantage becomes an important factor which decides the success of a digital transformation initiative. There are wide range of offerings in the digital space and the evaluation of these platforms, tools and technology stacks which can fulfill the customer needs becomes crucial. It is important to understand as to how the incumbent technology will help in generating additional value and improve the returns and, thus, strategically applying it to unlock the productivity growth.



## How to manage and sustain digital transformation

Managing and sustaining Digital Transformation is all about prioritizing and managing change in a disruptive and competitive ecosystem. “Transformations are hard, and digital ones are harder”- In a report titled “Unlocking success in digital transformations” from McKinsey stated that success rate for these efforts is less than 30%. The reasons for low success rate are lack of clear objective and inability to manage the change. It is important to focus on the following aspects when driving a digital change.

- **Continuously build Capabilities-** The employees, leadership and the whole organization need to continuously build the capabilities around digital drivers whether it is on the technology front ranging from Cloud Technologies, IoT, Cognitive automation, Analytics, etc. or on the professional skills like agile approaches to delivery, storytelling, creating customer journeys, servant leadership etc. The delivery and quality rigor will have to be continuously inspected and adapted for maximizing the value.
- **Empowering people and embracing new WoW-** Empowering your workforce to take decisions on their own will make them feel accountable and as a leader, one should motivate and inspire his team to own the responsibility and also provide the psychological safety to experiment/ try different approaches and adopt improved ways of working.
- **Using remote and digital communication-** The digital communication medium helps in conveying the purpose and vision of the transformation more effectively and explains the sense of urgency. The digital collaboration tools have made the synchronous communication at par with the face-to-face discussion especially during COVID and post-COVID period. The information dissemination with the help of digital

tools have made the realization of benefits effective and faster through wider and easier accessibility.

- **Redefine roles and responsibilities-** It is very important to redefine the roles and responsibilities of the existing staff so that they are better aligned with the transformation goals and feel themselves to be part of the journey. The redefining of roles will also help in understanding the strategic objectives of the organizations and why specific initiatives have been taken up. At the same time, it is also important to bring changes to promotion and rotation policies in the organization for improving motivation level of employees.

In summary, it is important to identify the strategic and operational levers to balance the change between technology and process for building an optimized target operating model. In addition, make sure to link every part of your digital transformation initiative with current goals associated with revenue, cost, ROI, customer/user experience, outcomes, and agility.



## Jennifer Young Baker

Credentialed and Experienced PMO & Portfolio  
Professional

### What is digital transformation?

Digital transformation is when an organization adopts digital technology to improve its processes and increase the product/service value for its customers through innovation. If you think about it, we have been doing this for many years. Like most things in life, the speed of change has accelerated and thus, digital transformation is also accelerating. We have also had several events which have propelled the argument forward – most notably the COVID pandemic.

### How to manage digital transformation

This is a somewhat obvious answer – VERY carefully. Not because of the technology – because of the culture. When I work with companies that are engaged in digital transformation activities, their biggest hurdles are not the technological ones – they are the cultural challenges.

For as many people that say they want the new “toys” or the “bells and whistles” that the new technology can offer, there are at least that many more individuals who either do not want the change or are resistant to it. People are creatures of habit.

We like to feel comfortable and safe. Forcing changes when people are not ready can be disastrous for an organization. Literally, entire books have been written on the topic. This is not only on the employee or internal side, but on the customer side as well.

Change management has to accompany the digital transformation process. There are many companies that “get it”. Not only is it seen in their employee satisfaction scores but also in some of their ads that are specifically geared towards “technophobic” employees or “aging” market segments less likely to use the newer technology. These companies have varying levels of product complexity geared towards different market segments. Market segmentation is a way of life. They are industry leaders or emerging leaders in their industry. Even employees who are hesitant have valuable input. Technically challenged users have great feedback. These individuals need a voice and will help deliver a more valuable product.

### **How to sustain digital transformation**

Companies who are successful with attaining their digital transformation need to keep the folks that got them there (Employees and customers). That means not only maintaining their talent but helping that talent to grow and develop. There is a lot of competition for technical resources globally. Companies need to be the employer everyone wants to work for and customers want to buy from. Consumers generally choose to buy from companies that are responsible employers. Employees need to in-turn think about the customers in the product design and innovation – then getting that product to market quickly and effectively to maximize customer value.

There are a few other things to consider – when customers are buying digitally, they are leaving a digital footprint including purchasing patterns and personal information. Organizations need to use this data to effectively and responsibly obtain information to help provide better products and continually evolve the product

design and innovation process all the way through customer delivery. This digital footprint means privacy needs to be a primary concern for every organization. Data breaches are egregious violations of consumer faith.

### The Key Success Factors

There are probably many different ways to slice and dice this but like all changes there are these three things that really are the true measure – people, process, and technology.

**From a people side** – the digital transformation leaders need to be committed and engaged to the vision and the plan. They need to be supportive of their existing staff and build their teams by bringing on high performing, capable resources to make the vision reality.

**From a process side** – there needs to be a clear vision and strategy with an implementation path that makes sense. There needs to be well thought out plans with governance to support the vision with a way to measure and keep on the right path along the way.

**From a technology side** – the platforms selected and implemented need to be fit-for-purpose, secure, scalable and offer the performance that the customers expect.

### Challenges

I am going to go back to the people, process, and technology as the root of change. Despite this being a technology effort, the biggest challenges are not on the technology side:

#### From a people side

- Lack of skilled staff. This is a recurring theme in nearly every industry. Be the company people want to work for and make this less of a problem. Treat your teams well. Keep them motivated. Maintain their development – that help you and them.
- Needs of customers. As you offer them more, their needs will change. What was once a nice to have is now an expectation. Solicit feedback from your customers and act on it.
- Outdated organizational structure. Does the company's org structure support the pre-digital transformation operation but not the go-to operation? Make sure the organization's structure supports the updated operational plan

#### From a process side

- Lack of change management. Change resistance and avoidance is real. Simply navigating and change is hard, but when you add change resistance to the mix, digital transformation can look impossible. Consider implementing Organizational Change Management with your Digital Transformation efforts.
- Lack of strategy. This can be just another buzz word when mishandled. The digital transformation strategy should invigorate the company's core competencies and further develop them throughout the conversion. Figure out where you want to be in six months – make a plan. In three months, see where you are. Make course corrections and plan 12 months out. Your team needs and deserves a direction to move forward.
- Lack of budget. Why is this here? Because having a budget requires planning and if you are not planning well, you do not have a proper budget.
- Antiquated business processes. Digital transformation requires significant structural and process changes. Do your business processes reflect pre-digital transformation operations? Process re-engineering is in order to make things align again.

### From a technology side

- Data management. With digital transformation, there is significantly more data available. Someone needs to analyze that data and use it for the company's benefit. Failure to do so minimizes the benefits that your company obtained from its digital transformation efforts. Make sure that someone understands how to mine the data.

### Opportunities

Why does anyone do anything? Because there is some benefit to them or something that they care about. Digital transformation is no different. Organizations sought out digital transformation for the many opportunities and benefits it could yield. For many of those organizations, the driver for digital transformation is cost-related. In simple terms - something that they once paid a human to do can now be executed by a computer which is a lower cost per transaction. I am going to go back to the people, process, and technology as the root of change and look at the opportunities and benefits from this same point of view:

### From a people side

- By better understanding customer needs, organizations are better able to serve their customers.
- By providing team members with digital tools tailored to their environment, digital transformation encourages a digital culture with improved collaboration that benefits the organization and its customers with streamlined workflows and improved productivity.

### From a process side

- By better understanding customers and their needs, businesses can create strategy that is even more customer centric.
- Companies that undergo digital transformation improve their efficiency, their profitability, their speed to market and their innovation adoption ratios.

#### From a technology side

- Digital transformation lets organizations create a system for gathering mountains of customers data, incorporating it fully for business intelligence, and then optimizing this data for analysis that can drive the business forward.
- Digital transformation can integrate applications, databases, and software into a central repository for business intelligence to bring company resources all into one place.
- Digital transformation enables what used to be a “nice to have” is and is now an expectation because customers have gotten used to having endless choices, low prices, and the fastest delivery times with a seamless customer experience.





## Jesús Martínez Almela

Agricultural and Biosystems Engineer, PE, Certified Projects  
Portfolio Director IPMA-A

IPMA Chairman of the Council of Delegates (2021-2023),  
Former IPMA President (2018-2020)

### What is digital transformation?

We can find out few definitions about, in general we can convey that digital transformation is the process of using digital technologies to transform existing traditional and non-digital business processes and services, or creating new ones, to meet with the evolving market and customer expectations, thus completely altering the way businesses are managed and operated, and how value is delivered to customers. If we go deeper we can affirm because technology evolves impacting in the classic approach to Project Management. At this point, it's not about how Organizations and Projects, Programme and Portfolio Managers choosing to transform; it's more about deciding how to transform.

### How to manage digital transformation

Digital transformation refers to anything from IT modernization, from cloud computing to digital optimization, to the invention of new digital business models, In general, it refers to the use and management of digital technology to materially evolve or create new PM and business processes and consequently whole project portfolio practices, applied methods and methodologies, tools, techniques and associated competences; digital transformation for our profession means the process of assessing customer needs and leveraging technology to improve

projects deliverables and the end-user experience and satisfaction. End users should be customers, employees and other stakeholders as well, including Society as such.

Digital transformation management is about evolving business by experimenting with new tech and rethinking the current approach to common issues. Because it's an evolution, a transformation doesn't necessarily have a clear end point. The MIT Sloan Management Review, a publication that focuses on how management transforms in the digital age, says, "Digital transformation is better thought of as continual adaptation to a constantly changing environment." For any Organization, that means continually seeking out ways to improve the end-user experience.

#### **How to sustain digital transformation**

While every digital transformation initiative will have its own specific goals, the main purpose of any digital transformation is to improve your current processes. Digital transformation is important because companies must evolve to remain competitive in their industry. If you aren't evolving, you're falling behind.

Some available research shows that only few number of global Organizations have been able to achieve their targeted business outcomes from their investments in digital technology, and this is relevant because one of the strategies that sets leaders apart is that they spend more on transforming their businesses instead of just running them.

Sustain digital transformation is crucial because it allows the Organizations to adapt to ever-changing industries, any activity sector and continually improve how they operate.

Am fully convinced that the strategy to improve and sustain digital transformation will be settle up in three pillars as follows: 1st customer experience/satisfaction; 2nd operational processes (focusing in PPPM evolution) and 3rd about business models.

### The Key Success Factors

Because the right technology can greatly improve how the business functions and how customers engage with it, three-3 key success factors should be managed and directed as follows:

- ***Increases productivity while reducing labour costs***

Using technology to work more efficiently is one of the most impactful ways to transform business, a.e. the time and money spend in training and updating digital resources can quickly get out of hand. With the proper tools will be possible keep costs down and productivity up;

- ***Improves the customer experience***

Tech-savvy customers want a great experience through multiple touchpoints — mobile apps, social media, email, live chat, etc. Digital transformations are the driving force behind improved customer experiences.

- ***Makes more competitive***

In any market, sector, competitors are looking into digital transformation regardless of whether or not anyone is.

### Challenges

To successfully transform Organizations should keep the momentum of any initiative moving toward the ultimate business goals; to do so, continually address the main drivers of digital transformation in five-5 vectors (accordingly with Gartner Report), CIO's need to focus on the following five areas to enable successful digital

transformations in their Organizations: digital twin, privacy, culture, augmented intelligence, and digital project management. Focusing in culture and context, how to manage resistance to change is a human instinct. When someone ignores the cultural aspect of a digital transformation will start hitting walls of resistance fairly quickly.

### Opportunities

A digital transformation programme should be part of the Organization Corporate Strategy and should be a programme composed by a set of projects for introducing, assessing and driving a digital transformation initiative forward. This programme will define what business goals the Organization aim to achieve through digital transformation.

An effective digital transformation opportunity will create a framework to follow throughout this ever-evolving process, but there it's important to know what the Organization hope to achieve monitoring, controlling and tracking along the way.

Addressing "transformation" not only "digital" IPMA ICB4 (Individual Competence Baseline) in their Competence Area of Practices define Change and Transformation as follows:

"Newly developed capabilities only deliver benefits when they are put to use, and when they are supported by the organisations and people receiving them. Change (as improvement of a current situation, keeping the past in mind) and transformation (the emerging development of new situations, based on a vision of the future) provides the process, tools and techniques that can be utilised to help individuals and organisations make successful personal and organisational transitions resulting in the adoption and realisation of change.

The purpose of this competence element is to enable the individual to help societies, organisations and individuals to change or transform their organisation, thereby achieving projected benefits and goals.

Project portfolios are organised in order to achieve improvements. In many cases, these improvements are not only achieved by delivering an outcome, but also require small or large changes in the behaviour of the organisation. People usually do not object to change – they object to being changed. Successfully addressing their objection can be done by, for example, building support, addressing resistance and developing the required knowledge and ability to implement the change. More strategic change will also encompass influencing a leading coalition, and other psychological and psychosocial interventions. When change management is done well, people feel engaged in the change process and work collectively towards a common objective, realising benefits and delivering results.

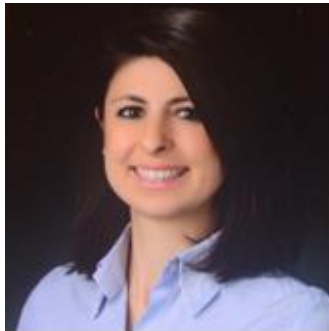
Transformation occurs when, based on a vision, behaviour is changed because there is a will to do things differently. Transformation is vision led, and depends largely on the strength of the vision and the willingness of the people who share the vision to really put their energy into making it happen.

The level of change and transformation management required by a portfolio will largely depend on the amount of disruption created in individuals' and groups' day-to-day lives, plus attributes such as culture, value system and history with past changes. Change and transformation do not primarily happen 'by design', and are not usually a linear process. The individual needs to regularly monitor and evaluate the effectiveness of the changes and adapt the change or transformation strategy. The individual also needs to take into account the change capacity and capabilities of

people, groups or organisations in order to help them successfully adapt or transform.

Portfolios usually deliver new capabilities. However, it is only when these capabilities are put to use that value is added and benefits can be achieved. Organisational or business changes often affect or alter processes, systems, organisational structure and job roles, but most of all they influence people's behaviour. Changes can be quite small, or they can require a complete transformation. Sometimes they can even be disruptive, which means special skills are needed to bring them about".

## About the Editor



### **Ipek Sahra Ozguler**

Istanbul, Turkey



**Ipek Sahra Ozguler** graduated from the Istanbul University with a Bachelor of Science degree in Computer Engineering and from Middle East Technical University with an MSc degree in Software Management. As a project manager, she has more than 10 years' experience in various areas such as portfolio management, program management, project management, software management, business analysis. She became a certified PMP in January, 2012 and a certified SCRUM Master in 2014.

She has managed a variety of projects across manufacturing, defence, FMCG (Cola Cola), insurance (Euler Hermes), audit (Deloitte), telecommunication, ICT and aviation sectors and gained broader insights. In addition, she has worked as international correspondent for the *PM World Journal* since 2014.

Ipek is the creator and editor of the highly acclaimed book, [The Perspective of Women Project Management Professionals](#), interviews with leading female PM experts and professionals around the world. The book was published in March 2020 and is available [here](#).

Ipek is based in Istanbul and can be contacted at [ipeksahra@gmail.com](mailto:ipeksahra@gmail.com). Her portfolio is published at the <http://ipeksahra.strikingly.com/>.

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