



Four Imperatives for a Successful Digital Transformation

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- *People are among the most important considerations to counter potential pitfalls on the path to effective digital transformation*

The disruptive power of pandemic has taught us the tremendous importance of understanding and using digitalisation to unlock the doors to long-term growth. We have seen how many businesses have forged ahead by transforming themselves and are reaping rewards by reducing costs, boosting efficiency, and scaling up revenue.

Maybank, for example, is ahead of the curve in [transforming traditional banking](#). For many years, Maybank has effectively used digital solutions to serve customers by providing convenient access to its services. This in turn has opened the doors to new opportunities via its entry into the last-mile delivery business.

The bank's latest Maybank2U feature, *Sama-Sama Lokal* which was launched a month ago with the intention of drawing new banking customers, has already increased engagement, grown the overall transaction volume for its facilities and, at the same time, brought local communities closer together.

A similar digital trajectory is evident in Malaysia's aviation industry. In the wake of COVID-19, AirAsia has powered through by aggressively diversifying into other verticals to generate new revenue streams. This demonstrates the efficacy of digital transformation to innovate business resiliency in highly challenging times.

Despite the hype, we have also seen many companies struggling to transform - because change is hard! Nine out of 10 enterprises implementing digital transformation initiatives tend to experience delays in seeing the benefits, and some fail to benefit at all. Having had the opportunity to work with several companies on their digital journeys, I have surmised that there are four key reasons why companies fall short of their expectations.

1. IT IS NOT ABOUT TECHNOLOGY; IT IS ABOUT PEOPLE AND PROCESS CHANGE

Some larger enterprises may be hesitant to change; after all, there is comfort in the status quo. True transformation entails changing both their infrastructure and, more difficultly, the way their people work. Interestingly, I find that one of the biggest hurdles is a lack of digital awareness and education among the leadership, executives, and teams. While most may have a high-level understanding of digital transformation, few have real insight into how digitalisation can be effectively seeded and implemented within their organisation, for instance: which functions to prioritise, and so forth. I would stress the importance of investing in organisation-wide learning and sharing the reasons why digital transformation is a fundamental step today as a key in any transformation journey.

2. EVERYONE MUST BE ON BOARD



Another common hurdle is that leadership may not have engaged and gotten everyone's buy in to the need to transform.

I recall that when Satya Nadella was new in his role at Microsoft, his first order of business was to restructure the technology giant. He introduced the Microsoft Intelligent Cloud division and the concept of a cloud-first approach. It was his signature, and he went on to the extent of publishing a book talking about [Microsoft's new quest](#).

He demonstrated his full commitment to embodying the company's new vision. Everybody believed in it – the employees, customers, and investors. Even though Microsoft Azure entered the cloud market late, when compared to Amazon Web Services, the company has already achieved greater momentum.

Investing time in bringing all stakeholders in the ecosystem into alignment with a shared intention is another significant key in the success of transformation.

3. BREAK DOWN THE BUREAUCRATIC BARRIERS!

Delving further into the necessity of inspiring all stakeholders, another hurdle to effective transformation lies in lengthy approval processes. In my experience, most innovation opportunities exist at the intersection between different divisions and departments. The ability for cross functional teams to exist, function and take ownership to drive outcomes is essential.

Enterprises should try and pivot away from traditional bureaucratic systems grown from structural hierarchies and a silo mentality – and move to a more agile mindset and operations.

[Agility accelerates everything](#), in fact, the consulting firm suggests that winning teams are agile teams, “whose many small, low-risk steps enable swift progress, rapid talent reallocation, and massive change.” Recognising the value of building enterprise agility through investments in technology is essential to move the enterprise forward and accelerate organisational objectives.

4. DIGITAL TRANSFORMATIONS AREN'T PERFECT, BUT THEY CAN BE PERFECTED

Finally, enterprises may face a pitfall on their digital transformation journey because stakeholders are still unaccustomed to the iterative process that comes with such an endeavour.

Some may hold the old misconception that implementing a digital strategy is a simple 'point A to point B' effort. The reality, unfortunately, is often far more complicated!

Digital transformation is an iterative process that needs refining and optimisation as we progress along that journey – or as I like to say sometimes, 'the road that must be travelled today'.



Forbes' Council Member [Greg Kihlstrom](#) advises that "transformation should be preceded, accompanied or followed by other work that can complement it, such as strategic goal-setting, culture change initiatives, and organisational design." Therefore, the plan needs to be as agile as the technology to ensure enterprises meet their ultimate objectives.

More often than not, enterprises prematurely abandon digital initiatives mid-way, triggered by a preliminary metric – perhaps one that suggests a low level of engagement. An important analogy leaders need to keep in mind about digital transformation is that "it is a marathon, not a sprint" and continue to push onwards.

All stakeholders must be primed and ready to collaborate throughout the iterative process to reap the true benefits from their digital initiatives.

TAKEAWAYS

To execute successful digital transformation within large enterprises, both people and processes play integral roles. To summarise: companies should look at four critical imperatives to execute a successful transformation:

1. Having the right team is a first step, which again, is not an overnight process. You will need well-honed KPIs for team members to take transformation forward, and to cascade rewards to them accordingly. A balanced scorecard plays an important role in realising a digitalisation vision.
2. Ensure alignment with all stakeholders on the new strategies – this is the biggest challenge because it takes considerable effort to get everyone on the same page. As a leader, it is especially critical to gain support from like-minded people as they will help you realise your digital vision.
3. Digital transformation requires the building-up of new capabilities (in areas such as data analytics, AI, or app design, etc.) and skilled expertise. Organisations should consider building out horizontal teams to support existing teams in leveraging these capabilities and to improve existing processes.
4. Success in the post-pandemic era is built on a rich foundation of partnerships to innovate and deliver seamless end-to-end customer journeys. Even the world's biggest companies did not achieve their success just by themselves. A strong partnership strategy that embraces the entire ecosystem is a pre-requisite for success.

As H.G. Wells wrote, "Adapt or perish, now as ever, is nature's inexorable imperative." The world is constantly changing, and success means embracing the digital future. With a focus on [human-centred digital transformation](#), backed by world-class digital solutions and expertise, TM is on a mission to enable and accelerate the growth of digital businesses as part of our nation's collective goal of realising a Digital Malaysia.

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