

Digital Transformation





A year's Overview

Where We are Now

The term 'Digital Transformation' has become a cliché, often used in a manner devoid of the context in which this transformation is relevant to your company.

Either it's discussed with a broad stroke (implying end-to-end digital transformation) or within a narrow scope of fashionable technologies (vendor speak).

However, the wider context is often overlooked which involves two market forces that have compelled legacy industries to adopt digital technologies at a breakneck speed.

1. Democratization of information technology (IT)

2. Startups unbundling the business of established industry players

a. Democratization: The technology that used to be exclusive to large companies is conveniently available to small and medium companies based on the as-a-Service model. Secondly, IT spending no longer resides with corporate IT only, it has proliferated to business units.

b. Unbundling: Specialist startups are attacking every valuable and revenue-generating activity that traditional players engage in.



The Digital Conundrum

Banking is a key example that faces unbundling.

According to CB Insights, an established bank like Wells Fargo with \$20 Billion plus in annual revenues faces competition from 20+ startups across its three major lines of business i.e. personal, small business, and commercial loans.

[1] CB Insights: Disrupting Banking: The Fintech Startups That Are Unbundling Wells Fargo, Citi, and Bank of America.

Similarly, Proctor and Gamble (P&G) with \$76 in annual revenues operates in a different industry, however, it too faces competition from 30+ startups across its three core lines of business i.e. skincare, grocery, and cleaning products. Every market leader across every industry is being disrupted.

But, the situation is not stable for disruptors as well.

Flexport, a technology platform for global logistics was founded in 2013 and commands \$1.3 Billion in annual revenues. It was reported to have disrupted a \$100 Billion behemoth called FedEx.

However, within four years Flexport itself faced competition from fast-growth startups like Freight Hub, Freightos, Xeneta, and Haven. The upstarts partnered with incumbents to enter the market Flexport was starting to dominate.

Even if we anonymize the companies, the trend is evident across verticals like:

- Insurance
- Legal Practice
- Manufacturing
- Energy & Utilities





Challenges of Digital Transformation

If adoption and maturity of new technologies and scaling them for obtaining sizeable ROI is a challenge for both incumbents and startups, below are some challenges companies have to tackle whether it's a legacy company looking to innovate or an upstart trying to consolidate:

- Scaling projects beyond pilots and PoC
- Integration of new solutions within industry and firm ecosystem
- Adopting technology that does not pose security, governance, and legal compliance risks

Three principles

Our digital transformation road map reflects three principles to innovate in a prudent and scalable manner:

1. Technology best-fit
2. Democratization of IT
3. Transformation through Innovation value chain

How do you give meaning to each of the principle in practice?



1. Technology Best-Fit

Most companies approach digital transformation from a 'proof-of-concept' methodology. However, automation experts point towards an alternative approach called 'proof-of-value'.

For instance, when coming up with your digital transformation road map, do not float RFPs from a purely PoC standpoint. A single bot can be applied across a business unit in a fairly straightforward manner; however, a better decision criterion is for the technology vendor to prove the scalability of value. For a technology to deliver scalable value, it has to meet several enterprise yardsticks such as:

- **Architecture, manageability, and deployment**

Your technology platforms should eliminate the need to architect apps and solutions every time there's a move towards a new way of managing IT workflows.

It's a good practice to ask if your underlying digital transformation platforms allow you to seamlessly move from a monolithic to a layered IT architecture and from VMs to newer container technologies like Docker.

Manageability refers to your digital transformation platform's capability to separate data and application layers of a solution, and deployment refers to the ability to host your platform on-premises, in private clouds, in public clouds, and in hybrid environments.

Other aspects include compliance to standards, extendability into business platforms and ERPs, and scalability of the core platform that you are building solutions on.

2. Democratization of IT

Business users are increasingly weary of IT's centralization. Having to wait for weeks and months for automations and apps has resulted in a tectonic shift the way companies buy IT products and services.

According to an IDC Survey, for 67% of IT leaders, at least half of the IT spend is controlled by individual business units. Behind this trend is a growing appetite of business users to fast-track the IT purchase process.

Hence, the digital transformation and application platforms should allow for greater number of users to use the new technology, whether it is an analytics platform, an application development platform, or a solution providing AI and ML capabilities.



3. Transformation through Innovation value chain

Rather than viewing value chain mapping from a six sigma perspective, a rather simple yet holistic approach is to develop and rely on an innovation value chain. This helps approach innovation from a scalability lens rather than a one-off activity.

According to Hansen and Birkinshaw of Harvard Business Review, innovation value chain comprises the three main phases of innovation:

- Idea generation
- Conversion
- Diffusion

Working with medium and large enterprise, we have seen that companies that are better at carving out a sustainable competitive advantage look to transform operations inside a unit; across other units; and transform externally for customers and partners.

Ultimately, the success of transformation programs relies on choosing the right business program, the right technology, and combining both as competitive advantage for the long run.

Whether it be the 'Digital Office' in construction or a 'Digital underwriter' in insurance, your digital programs and platforms should allow you to pursue both operational efficiencies and topline growth.



The Way Forward

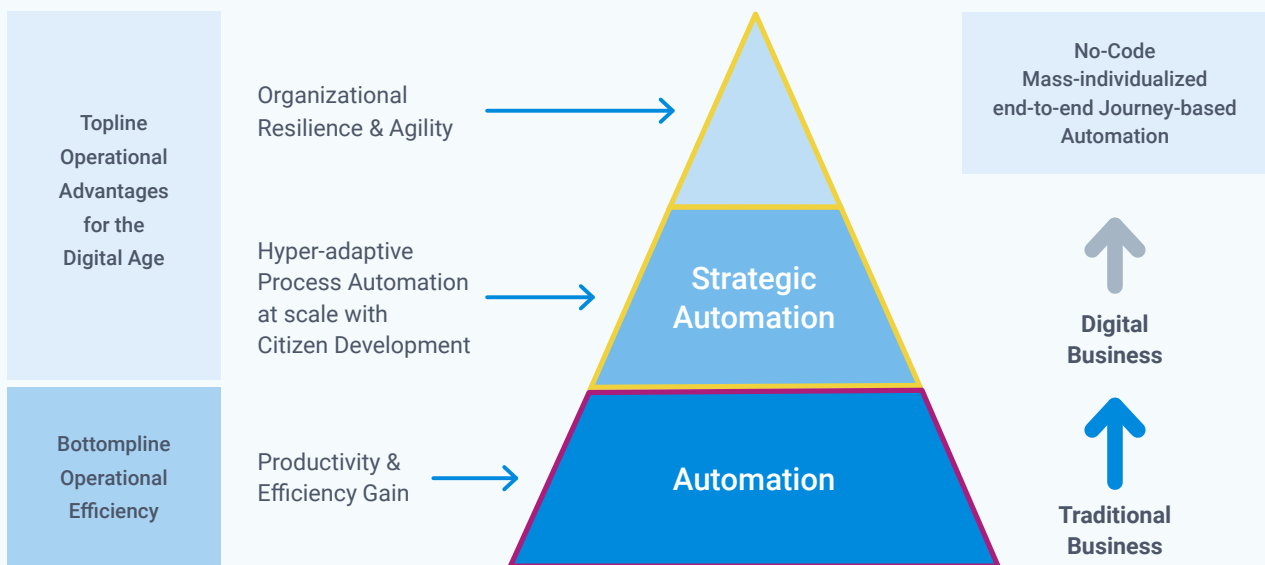
There should be a call to action for leaders in every organization. However, the action has to resonate with parts of the company that you want to transform.

When MIT Sloan interviewed 157 executives in 50 companies with \$1 billion or more in annual sales, it found three areas where most firms were transforming digitally:

- **Customer Experience**
- **Operational Processes**
- **Business models**

However, unlike the popular perception that 'winner takes all', different firms progress through their digital transformation journey with varying speeds.

We at AgilePoint have seen customers starting from bottom line efficiency-gains use cases and move up to reap topline operational advantages for the digital age.



Our Vision - Reinventing Automation to Enable Agile Transformation



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While most process automation solutions handle only specific categories of applications, AgilePoint has been architected to address all application requirements on one single platform. As a result, AgilePoint clients require fewer low code tools and IT support resources, delivering the industry's lowest total cost of ownership.

Our industry-first model-driven abstraction design reduces delivery time by up to 90% compared to traditional approaches. With over 1,000 global clients, many of the world's best brands trust AgilePoint to drive their agile transformation programs.

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