Digital Transformation: Joining the Dots to a Connected Enterprise

CIOs live in a world where experience is king. Whether it's external or internal customers, what matters most is that the IT services offered meet their expectations, to drive productivity, profits and loyalty. There's just one problem: these customer demands are rising all the time, and many CIOs are finding that IT infrastructure, organizational culture, staffing and funding challenges are a severe impediment to success. Even worse, more agile rivals are starting to pull away from the pack, potentially threatening their organization's very existence.

Digital transformation is key to enabling the customer-centric connected enterprise. But getting there doesn't just require investments in eye-catching emerging technology. It demands a back-to-basics approach where IT monitoring and IT operations sit at the very foundation. Until CIOs can fix underlying IT performance issues, any gains made from implementing transformative digital technologies will be wiped out by outages linked to human error, legacy platforms and siloed IT approaches.

This makes unified IT monitoring and operations management from a single pane of glass an essential pre-requisite for success. Without it, the digital-first, connected enterprise will remain a pipe dream.

What is the connected enterprise?

In the insatiable quest for growth, organizations are increasingly tapping the power of emerging digital platforms to get closer to their customers and enhance that all-important end user experience. The idea is to create a customer-centric connected enterprise which Forrester and KPMG define as having eight key characteristics. Fundamentally it is an organization in which: data is harnessed to drive real-time strategic insights; innovative products and services are created; staff are empowered; operations are streamlined and efficient; and the customer/employee/partner experience is foregrounded.

As such, digital transformation is a key pillar of the connected enterprise. It's a vision that spans virtually every vertical. It could be a retailer looking to drive omnichannel success, an insurer seeking to become more customer-focused, or a utilities provider wanting to do more than "keep the lights on." It could be a financial institution looking to hold its own in the new era of Open Banking, or even a telco recognizing the need to move beyond phone and connectivity to stay relevant.
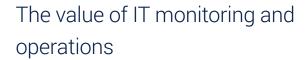
Whether they embrace cloud and mobile, big data, AI, robotics, augmented reality, 3D printing or other emerging technologies, these organizations are all looking for the same thing: to drive the share price up, increase profits and enhance customer loyalty. And from Microsoft to Nike and Best Buy to Hasbro, those with the right strategies are already reaping the rewards.

When digital fails

However, digital transformation success is not a given. In fact, the success rate remains stubbornly low. According to a McKinsey report from 2018, less than 30% of transformation projects succeed, and this almost halves again for digital. Just 16% of respondents to its poll said their efforts had improved performance and successfully set the company up to sustain changes in the long term. Even for tech-savvy sectors like tech, media and telecoms the success rate didn't top 26%, while in verticals such as automotive and pharma, rates fell to 4-11%. The study also noted that organizations with fewer than 100 employees were 2.7 times more likely to report success than those with over 50,000, highlighting further challenges facing large-scale projects.

What's more, success rates had dropped even further when the consulting firm ran another study around six months later. Just 3% said their digital projects had improved performance in a sustainable way.

The value of IT monitoring and operations

Let's be clear: the digitally enabled connected enterprise can only thrive if CIOs get control of their increasingly decentralized IT infrastructure. In a modern organization this is easier said than done, when mainframes sit alongside mobile applications and cloud-based AI platforms must be managed next to on-premises storage. This diversity — of manufacturers, software versions, legacy and digital — adds complexity and siloes that threaten performance.

Over a fifth (20%) of organizations told us in our most recent research that "legacy systems eat up a lot of our time, prohibiting scalability and slowing business growth." And a quarter of firms said that the sheer number of IT systems and processes that don't communicate with each other "means we don't have complete visibility across our entire estate/we still find it challenging to gain visibility and control over our dynamic digital platforms."

This lack of visibility and control inevitably leads to major IT outages, seriously impacting the bottom line and corporate reputation and in turn undermining efforts at digital transformation.

Delivering a better customer experience

This makes effective monitoring of IT operations essential to realizing the connected enterprise vision. It's disappointing that 20% of organizations we spoke to said it was regarded as unstrategic and an "afterthought" while 15% said it was seen as a cost center. These attitudes are partly to blame for the misuse of IT monitoring and operations management tools in many enterprises. If these platforms aren't seen as a strategic value driver then enterprise-wide monitoring will remain an IT backwater producing poor results.

Often, these tools are set up to measure the wrong things — availability rather than business service performance. This perpetuates the view of IT operations management as unstrategic. IT siloes calcified over many years also play their part, with different teams buying in different point solutions to monitor new systems. The result of this tool sprawl is opacity and poor decision making, once again feeding into the vicious cycle of IT being regarded as little more than a cost center.

However, with CIO and board-level backing, IT monitoring and IT operations can be a significant driver of value for the business. If organizations consolidate their surfeit of monitoring tools onto a single, unified platform, they start to benefit on several fronts.

Better transparency and control means preventing issues before they escalate into outages; reducing the impact on the bottom line and corporate reputation and accelerating time-to-market for digital initiatives. Automating performance monitoring enhances this visibility, reducing human error and freeing up IT staff to work on higher value tasks. CIOs also gain improved insight into performance issues to support long-term strategic planning.

In the new world of the connected enterprise, customer experience is everything. Getting there requires successful digital transformation. But without a unified approach to IT monitoring and IT operations management in place, CIOs will soon find their ambitious plans are built on sand.

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