



20/20 Foresight

You Should Be Able
To See The Future

by Mark Bednarski



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Companies since the dawn of commerce have looked for an edge. A leg up on their competition.

It Could Be By Creating A Better Product:

- Lighter
- Stronger
- Faster
- More Utility
- Longer Lasting
- Better Tasting
- Easier To Use
- More Beautiful
- Softer
- Better Sounding

A Better Offer:

- Cheaper
- More Compelling Packaging
- A Bundled Solution
- More Flexible Payment Or Ownership Terms
- More Comprehensive Guarantee

Or A Better Brand:

- Cooler/Hipper
- More Altruistic
- Environmentally Friendly
- Innovative
- Conservative

You name it, there are almost limitless variables to be combined into the equation that equals “better than the competition.”

Lately, in the era of Amazon, Uber and Airbnb, companies have racked their collective brains thinking about how to disrupt their respective industries – or at the very least, avoid being disrupted. All too often, the technology du jour becomes the Siren’s song that business leaders become fixated on, only to spend lots of time and money and still crash on the rocks. Figuratively, of course, but still quite painfully.

Likely you have heard executive teams or individual decision makers lament that “if only I had a crystal ball...” I could make the right vendor decision. Purchase the right technology. Hire the right person. Etc. etc. So, they end up investing small fortunes in consulting firms to validate their decisions. Or they go with the biggest, most established vendor in the space, because “no one ever got fired for choosing” AT&T/IBM/Xerox (insert the latest 800lb gorilla here). Perhaps you yourself have been the decision maker in this scenario?

What if there was another, easier, almost sure-fire way to get leg up on competition? A way to do things cheaper/faster/better than them? A way to see the impact of operations before/during/after investing in changes? And a way to drive fundamental and cultural transformation?

A crystal ball in the cloud? Well, not exactly, but the purpose of this article is to explain how all of the above is achievable today with a Business Transformation Platform.

The industry loves to talk about digital transformation. So much so, that you're likely sick and tired of seeing the daily stream of articles, offers, claims and analyst insights.

I was too, which is why I spent what feels like the better part of last year doing my own research, and talking with analysts at Forrester, Gartner, 451 Research, Intellyx and others. Perhaps more importantly, I invested time interviewing customers and prospects. I'm fortunate at iGrafX to have the opportunity to interact with many of the biggest, most complex and widely known enterprises in the world. So far, I've received real, honest feedback from the largest banks, manufacturers, healthcare and pharmaceutical companies, telcos and government entities. Almost to a person, the decision makers in the trenches in those organizations are consistently trying to disrupt their competitors, satisfy regulators and delight their constituents. They didn't all express their goals in exactly the same vernacular, but the desired outcomes were very similar. One particular company that comes to mind is Panasonic, the Japanese multinational electronics corporation. They have made a concerted effort to innovate and lead by leveraging – and creating – best practices in business transformation. They started reasonably and pragmatically by creating what they call a “process organization,” where siloed thinking is broken down and business processes and RACI is shared company-wide. Process owners have to “release” new processes to the organization, and employees always have access to the comprehensive documentation relevant to each operational process. In all, this keeps all employees literally and figuratively on the same page, and supports Panasonic's strong customer focus.

Personally, I took away many nuanced perspectives from my research, but perhaps the most important realization was that the elusive state of “digital transformation” isn't practical, sustainable or even attainable without a broader state of business transformation. What I've learned is that the most successful companies are cognizant of the stages of business transformation and are actively and continuously working on improving their positions. Here is a graphical view of a business transformation maturity model:



Note that there are six key use cases included in the three “stages” of business transformation. Don’t feel bad if you still haven’t mastered the operational cases. This isn’t always easy, and continuous improvement is a legitimate corporate goal, in and of itself. However, the best companies, the most successful and most likely to lead in their respective categories, have spent considerable time, money and energy working on all six of the use cases in all three of the categories illustrated above.

Granted, it’s highly unlikely that they had one team pursue the stages from left to right, meticulously studying, adopting and mastering every component before moving to the next stage. In fact, most companies are decentralized enough that different departments, divisions, geographies or individuals are grappling with these stages of business transformation at the same time – not benefiting from economy of thought or economy of scale. More like an abundance of flail... Which is unfortunate and 100% avoidable.

What most companies fail to recognize is that process is at the center of everything they do. And that done properly, they can turn their business processes into competitive assets that give them a big leg up on their competition.

Many business leaders, or sometimes even entire leadership teams working together, can identify profound strategic visions. Wild, unique, compelling, pragmatic ideas that if executed, could pave the way to dramatically improved customer experience, better products and fully mitigated risks. The problem is turning a transformational vision into an operational reality. It’s all about the execution... An organization that exemplified the ability to turn strategy into results is Credit Suisse. I had the privilege of seeing their progress first-hand and they continue to be a leading success story. They applied Six Sigma and Value Stream methods in a banking environment, and ultimately pioneered the use of performance management KPIs in the context of operational business process maps. Integrating the KPIs with various BI tools ensured that Credit Suisse could prove to high-level executives that they were moving decisively from strategy to execution.



Without a “process early” execution plan, business transformation is destined for failure. Strategic initiatives must be aligned with required process changes. Businesses must understand and optimize their end-to-end processes, then understand the impact of process changes – before making the changes! This will point out potential risks and possible controls to existing or proposed changes, while allowing rational prioritization of process automation projects.

Most businesses operate in a “ready, fire, aim” mode, which all too often results in missed targets. Here’s some data from IDC that emphasizes the risk...

25%
TYPICAL LOSSES
in revenue opportunity by
Enterprises due to internally
created inefficiencies

80%
OF BUSINESS LEADERS
cite different internal systems &
applications not talking to each
other as the main bottleneck of
DIGITAL TRANSFORMATION



Bottom line, enterprises must have end-to-end transparency and understanding of how their business operates in its current state before they can successfully transform. Likely, an organization will start with the operational excellence use cases, and as they build a process-first foundation, will progress to business modeling and eventually strategic use cases. A business transformation platform makes this progress much much easier. I’ve seen many smart organizations successfully make this climb up the maturity curve. One that comes immediately to mind is COX Communications. The communications division of COX operates in a very competitive telecommunications environment, and they realized early-on that to survive and thrive they needed to understand their customer’s journey and then exceed their customer’s expectations. They have a very mature and orchestrated approach that combines process with organizational mapping and modeling, and they continue to push the envelope with regards to aligning customer touchpoints with operational business processes.

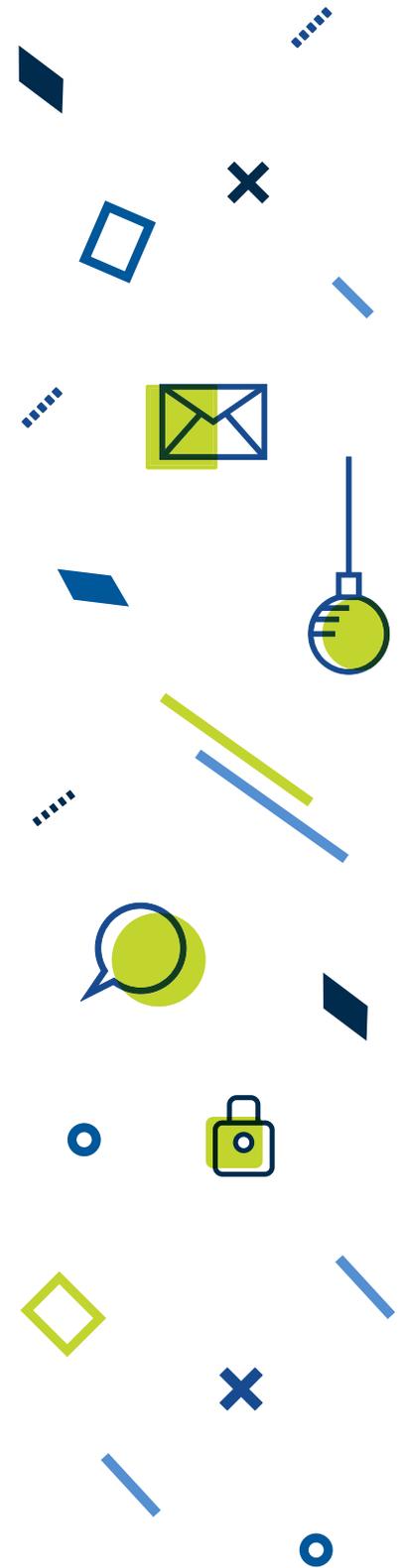
So, you're considering a business transformation platform...? Very wise. But be forewarned, not all business transformation software solutions are created equally.

As mentioned above, more than 90% of digital transformations fail – often because companies take a “technology first” approach. It's hard to blame them, because the lure of cloud and SaaS, workflow automation, Robotic Process Automation (RPA), machine learning and Artificial Intelligence (AI), etc., etc., is pervasive and hard to resist. Only recently have best-in-class organizations begun to re-embrace what was traditionally called Business Process Management (BPM), and enthusiastically capture, model and collaboratively optimize their crucial business processes BEFORE jumping ahead to technology.

RULES BEFORE TOOLS is the mantra companies should adopt.

I've been extremely impressed with the approach of Northern Health, who uses their patient's journey as the reason for prioritizing technology adoption. Bonnie Urquhart, Dir Planning & Performance Improvement at Northern Health, was highlighted in a Forrester Research report in 2018 titled: Refocus Process Automation To Rescue Your Digital Transformation. In that study Bonnie explained that Northern Health uses “the customer journey as the new ‘North Star’ for business process.” And before throwing tools at challenges (like RPA or workflow automation), it's crucial to understand the process through the eyes of patients. It's “patients before tools” in their case.

At a bare minimum, when deciding on a business transformation solution to empower the stages of business transformation, you'll need a toolset enabling the capture and discovery of process information. Whether you use software to mine business processes or engage in process owner interviews (or both), it's imperative that you map and catalog the business – creating what Gartner calls a “digital twin” of your organization. At that point you'll need a platform that stores the comprehensive process inventory and enables enterprise-wide collaboration, modeling and analysis to ensure that the current processes are optimized, risks are identified and mitigated and KPIs are in-place. After the foundational work is finished, ensuring that the right processes or discreet tasks can be automated via comprehensive workflow automation or simple RPA bots is imperative, as is finally capturing every single customer touchpoint and mapping it back to precise operational moments. Without this kind of cohesive platform, ongoing business transformation is going to be a significant challenge.



If you are confident that all of the above is covered, consider some additional decision criteria.

Can the solution scale and deliver the performance necessary? Large enterprises can easily have hundreds of thousands of employees relying on a centralized business process management solution, which can dramatically tax performance. But even smaller companies need a tool that reacts accurately and in real time. And enterprises must be able to archive all kinds of documents, work instructions, forms and other guidelines in their repository – in addition to process maps – in order to remain compliant and audit-proof. Additionally, the business transformation platform should document and link files together, and there should be no size limit on any single document. Finally, all documents should be fully versioned and released only to employees with the proper, pre-defined permissions. In other words, only the right employees should have access to the right documents at the right time.

Can the solution deliver both static and dynamic, event-oriented simulation? Without both, you won't be able to see bottlenecks, actual resource utilization, complex interactions between process paths or true process optimization. You will need dynamic, event-oriented simulation to deliver analysis of resource conflicts between multiple process activities, analysis of work rules, distribution of resources depending on workload, impact of queue work and queue rules, routing by transaction attributes and machine switching triggered by dynamic arrival of transactions with different attributes.

Can the solution identify risks – quickly, directly and sustainably? Workflow-based risk management is a must have. Risks must be captured, then directly evaluated and monitored with a customized workflow on your centralized platform. All employees should be able to participate in risk identification, and the platform should automatically generate a risk matrix, making it easier to measure impact and create mitigating measures. Because each risk is linked to the actual operational process, a true gap analysis can be created and extensive risk reporting can be shared. Once workflow-based risk management is in place and everyone is on the same page, enterprises will be able to quickly adapt to disruptions and avoid jeopardizing brand equity and other organizational assets. Beyond disaster recovery, companies should have post-disaster plans in place to minimize downtime. When a situation gets chaotic, employees must have the tools to respond appropriately. When considering business resiliency, the largest banks, transportation companies and government agencies come to mind, but really all prudent organizations must be resilient. Every company should have a tool capable of complying with all documentation and modeling requirements for audit compliance, and more importantly, be ready, available and correct if disaster strikes.

Can the solution support customization pertinent to your individual enterprise? No two companies are alike – even companies in the same industry. As such, every company should be able to customize their business process management platform to their specific needs. Things like adding corporate colors, logos, personalized data fields and different data types. And this tailored data should not only be defined within the BPM platform... Reuse should be available between different classes of data and objects. At Crowley Maritime Corporation, a multi-billion dollar global logistics & supply chain management company, I had the pleasure to observe not only how diligently they work on identifying and gathering data, but also on ensuring acceptance of their peers. Without both, true transformation success is almost impossible. Crowley replaced a large number of legacy operational systems with newer, better tools to achieve goals like improved workflow efficiency, data accuracy, internal cost reduction (profitability) and transparency. Ultimately, this led to significant enhancements to the customer experience and customer journey that couldn't have happened without solving critical data and reporting needs first.

Can the solution meet strict and evolving security requirements? According to Forbes, 83% of corporate workloads will be in the cloud this year, and 94% of business are already using the cloud for parts of their business. With this growing wave of hosted solutions, it's crucial not to overlook IT security. Where is the Business Transformation solution hosted? What is the cloud architecture? Due to government regulations, multinational organizations need the ability to specify where their SaaS solutions are hosted. And companies should be able to start small and grow into other geographies with the expectation that every data center adheres to the highest worldwide standards. Then, disaster recovery must be ensured by the SaaS provider, as well as industry-specific environments, such as with medical and pharmaceutical computerized system validation. Finally, the SaaS vendor should be SOC 2 compliant, and should offer full data isolation to each client, ensuring that there is no sharing of servers and bandwidth.

Can the solution deliver what's needed to meet your regulatory compliance requirements? Enterprises – even those not in “highly regulated industries” -- need to have their “i's dotted and their t's crossed.” The European Union's General Data Protection Regulation (GDPR) went into effect in May 2018, and the California Consumer Privacy Act (CCPA) went live on January 1st, 2020. Those two, new, broad data privacy regulations are on top of other broad financial regulations like Sarbanes-Oxley (SOX) that's been in effect since '02 for U.S. public companies, as well as industry-specific acts like HIPAA (Health Insurance Portability Act), or the myriad laws and regulations for energy, transportation, agriculture and construction industries. Beyond all of those are the standards and frameworks for securing software like PCI DSS (Payment Card Industry Data Security Standard) and the NIST (National Institute of Standards and Technology) Cybersecurity Framework. As well as best practices from the International Organization for Standardization (ISO). For all industries, the technical architecture maybe important, as some local government requirements or industry standards require data isolation or even completely separate environments for different parts of the company. It is possible that enterprises might require separate staging and production systems, since having them in the same system defeats their purpose. It's a daunting list that grows every year.

Enterprises can – and should – achieve and maintain compliance to avoid substantial financial penalties and negative customer sentiment, as well as to set themselves apart from competition. The steps can be as simple as establishing reliable review and approval cycles, creating a flawless history of changes over time -- something a surprising number of enterprises cannot demonstrate.

As described above, compliance comes in many shapes and forms, however the industries we see most exposed are medical, pharmaceutical and banking, where requirements go beyond the typical internal and external audits and expand into federal, resiliency and trial requirements other industries can't even dream of. I have worked with pharmaceutical and medical companies that are required to do a Computerized System Validation of every version of the software they deploy, which means without pre-approval, a vendor can't deploy a new version of the software in the customer environment. Not being able to address such needs has severe consequences and the effort to maintain compliance must not be underestimated.

Back in December, as the year was drawing to a close, Ian Hawkins, editor of PEX Network, interviewed Charles Araujo, principal analyst at Intellyx, and Ed Maddock, founder and CTO of iGrafX, on the broad topic of transformation. The resulting conversation was enlightening, covering topics ranging from:

- What – really – is digital transformation?
- Is the customer actually in control?
- What’s the difference between digital transformation and business transformation?
- Is process fundamental to transformation?
- What real-world examples of digital/business transformation can you share?
- Why don’t businesses don’t always succeed with automation projects?
- Why do some transformations fail?
- Do businesses need a “ground control” to successfully transform?
- Is it culture or technology that drives transformation?
- How can businesses disrupt (or avoid disruption) in 2020?

If you haven’t already listened to the podcast, I’d suggest that you do, [HERE](#)
In the meantime, some key best-practices themes emerged from the conversation:

1.

Digital Transformation and Business Transformation are completely intertwined.

This isn’t difficult to comprehend when looked at through the lens of the business transformation maturity model discussed above. In that model, digital transformation is just one of the two strategic use cases that fall under the broader “business transformation” spectrum. Adding more color, Ed Maddock said “This is where making sure that you have line of sight from strategy to the execution of your projects is absolutely vital. You begin understanding your processes, the impact of process change, managing that change effectively, taking into account risk mitigation and putting controls and things in place. But really connecting that strategy to execution leaves you with a framework for continuous business transformation, and improvement as you go forward.” Charlie followed up, adding “What I think is interesting about this is, I don’t think it is possible to have a digital transformation that is not a business transformation -- not if you’re doing it appropriately, or correctly in my view.”

2.

Business Transformation isn’t a project!

When Ian Hawkins asked Ed “You’ve probably seen more of these transformations than most. What’s the difference between a project that works and a project that fails?” Ed replied: “well, you just used the term ‘project.’ I think that’s at the core of one of the perception issues that we have in this space. It is not about one project. It’s an ongoing effort, and you need to really understand ALL of the projects that you have to execute on to achieve the goals you’ve set.” At the end of the day, transformation – whether the broader “business” variety, or the narrower “digital” kind – never stops. If it does, you aren’t doing it correctly.

3.

A customer-first, process-early approach is way more important than the technology you deploy.

Towards the end of the interview, Ian asked Charlie: “Going into 2020, what can businesses do to either disrupt their industry or avoid being disrupted themselves?” And Charlie said: “Well, my answer is probably not going to be a surprise, focus on your customer. But the trick is how to do that, and what that means, right? It’s about looking not at what the customer tells you. Steve Jobs was famous for saying, ‘It’s not the customer’s job to know what they want. It’s about living in their shoes.’ Be empathetic and understand how they see the world, and then ask yourself as an organization, how can you transform that world for them? How can you help them achieve something that perhaps they don’t even know they want, or that they’re missing? And then that’s the path to disruption.” He followed up by saying that most companies are very proficient at “sustaining innovation,” that yields small, incremental results, but not as good at “new disruptive innovation” that requires the use of design thinking – putting yourself in the customer’s shoes and seeing your own world from their perspective. This is where customer journey maps perfectly aligned with operational touchpoints can enable substantive experience improvements.

As an aside, in my opinion, Munich Airport is a fantastic example of an organization that set a goal to improve customer (passenger) experience and realized that they needed to tie experience touchpoints to operational processes. They didn’t just start by throwing technology at what their gut told them the issues were. Today they’re one of the ten, five-star airports in the entire world, and their ability to execute on the different disciplines involved with coordinating processes and customer journeys (pun intended) is second to none.

Talking to the “process-early” before technology approach, Ed added that decision makers in enterprises tend to look at all the new technology awash on their corporate shores and think, “hey, if I just adopt this or that buzz-word solution, it’ll be quicker/easier/cheaper than really digging into my current business processes to identify and measure the best areas for improvement.” He also mentioned that they tend to think that by adopting the latest/greatest tech, they’ll put another notch in their resume and further their career.

Sadly, failure is one of the biggest catalysts for business transformation. When a business has regulatory compliance issues or product delivery challenges, these sparks ignite corporate fires. People get fired, new cross-functional leaders get hired and CoEs get spun up. Think about what must be taking place at Boeing in the wake of the catastrophic failures of the 737 Max and subsequent revelations about shoddy business processes...?

Charlie made an excellent point regarding the role of business process and models when discussing how people tend to think about digital transformation. “This isn’t about just sticking a layer on top of your business process. Successful and disruptive companies have had to entirely re-envision the entire business process end-to-end to make this work. My frustration with the way people talk about both digital transformation and the customer experience, is that they talk about it as this very thin layer that sits on top, like it’s a coat of paint you can stick on. And that is not it, you cannot deliver a winning customer experience, in this day and age anyway, by doing that. You have to be willing to re-envision your entire business model, and your operating models and that’s where, as Ed was saying, that process becomes the glue that connects all those pieces together and becomes the engine of transformation.”

About iGrafx

iGrafx believes that process is at the center of everything, and helps the largest, most complex enterprises around the world convert their business processes into a portfolio of valuable assets. The iGrafx Business Transformation Platform is the world's most comprehensive, supporting RPA and workflow automation, customer journey, governance, risk, compliance, and more, as well as SaaS and private cloud deployment. It's also the most scalable, currently accommodating the largest, global enterprise requirements. iGrafx possesses and shares 400+ years of process passion.

For more information, please visit

www.iGrafx.com

About the Author

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Mark leads the product management group and the agile product roadmap, steering the direction for all of our solutions. He loves our products, the people at iGrafx, and our customers. Mark works very closely with our customers, listening to their needs and ensuring those needs are transferred into new product functionalities to help meet the challenges they face. He's thrilled to see our customers successfully achieve their goals by applying our software.

Mark, a Certified Six Sigma Blackbelt, with a certification in the LEADing Practice Methodology, has a long history with iGrafx.

For over 10 years, he has held many roles within iGrafx – first with our office in Munich, and currently in our Tualatin, Oregon headquarters. Mark, along with Michael Nyman in Product Development, changed the development process from Waterfall to Agile, allowing iGrafx to react quickly to customer needs by providing frequent incremental releases.

His ability to quickly switch between a bird's eye overview to the detailed nuts and bolts allows him to stay in control of the many moving parts in product development. It also allows him to communicate fluently between the worlds of customers, management and software engineering. Mark also has a large vertical range in his private life: He enjoys hiking and climbing up the Oregon mountains and in the past he had thrilling deep adventures in the cold German lakes as a technical SCUBA and rebreather diver.





Thank you

From our team to yours

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