



Digital Transformation Excellence
Abridge Guide | Version 3.0

February 2021



Confederation of Indian Industry

BACKGROUND

CII – Tata Communications Center for Digital Transformation (CDT) has been created to help Indian companies become globally competitive by adopting Digital Transformation best practices. As the companies embark on the digital journey, it becomes imperative to have a common framework through which the progress can be measured consistently and benchmark with other best-in-class companies. To address this need, CDT has developed a comprehensive framework called DXcel®- Digital Transformation Excellence model – with close industry collaboration and this framework was launched in 2019. This proposal addresses the key elements of the framework as well as other details that will help you to take a decision to avail this service from CII-CDT

INTRODUCTION

Every business, regardless of their size or sector, has clearly felt the need to go Digital in all aspects of their business processes to remain competitive. This need has been further strengthened in the recent disruptions caused by COVID-19 situation. Companies which had adopted Digital in a planned way are clearly seeing an advantage in terms of their resilience and ability to bounce back or improve business even during such disruptions. However, to become successful in a Digital Transformation (DX) initiative and get higher ROI, it is not enough to address only the technology aspects. A successful Digital Transformation should result in an all-around Business Transformation where the company is able to address its pain points and identify new business models or offerings that can have a positive impact on its balance sheet.

There was a clear void in the industry space in terms of availability of a framework which is comprehensive, holistic, transparent, and most importantly, neutral from a service provider perspective. DXCEL® framework is unique in the sense that it is for the industry by the industry and was launched to fill the void as it covers all aspects of business, transparent in terms of how the rating would be done, and yet remaining absolutely unbiased in terms of recommendations. The framework can be used by organizations to embark on a DX journey or to assess the progress of an existing program.

BENEFITS

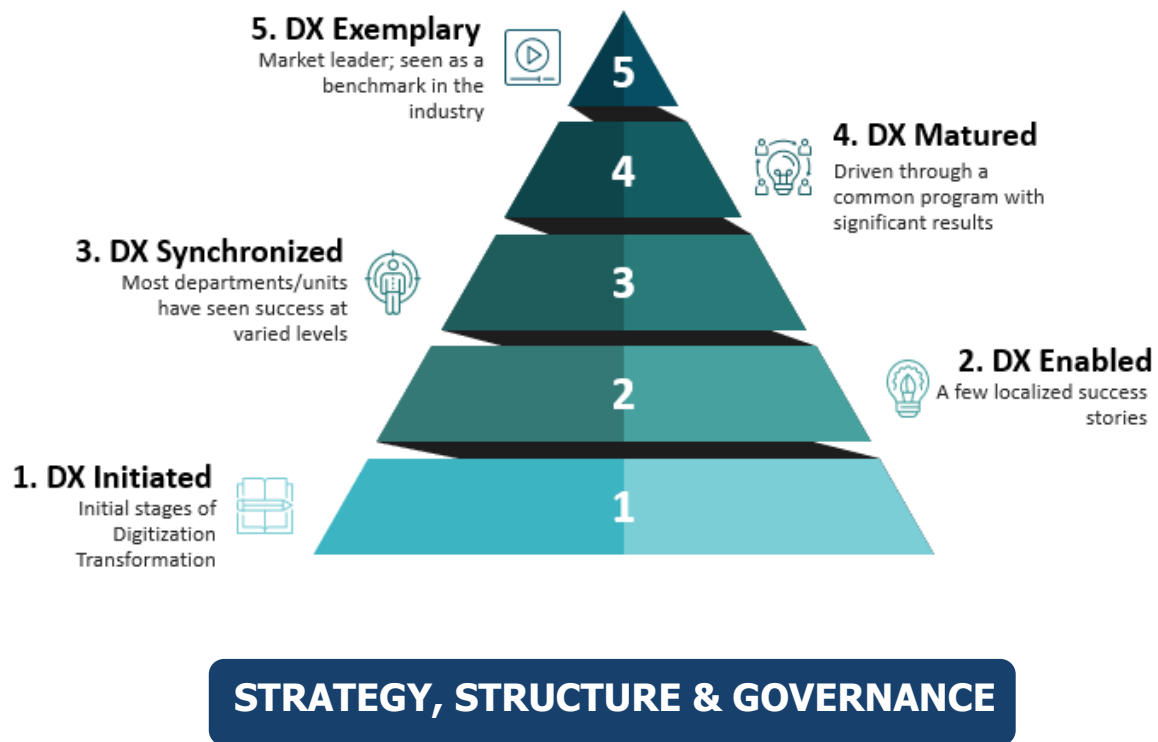
- Understand current pain points that can be addressed through DX initiatives
- Identify opportunities to improve balance sheet through DX
- Assess the current state of company for readiness for Digital Transformation, through DXcel dimensions and sub-dimensions
- Rate the digital maturity of the company based on DXcel benchmarks.
- Assist in creating a prioritized roadmap for future
- Help in connecting to the right partners among the companies that are part of CII ecosystem
- Act as a tool for continuous assessment during the digital journey, with the first assessment as a baseline.

COMPONENTS OF DXcel FRAMEWORK

1. Strategy, Structure and Governance assesses Digital Strategy, Digital Awareness, Leadership Commitment to DX, Organization Structure to drive DX and Governance of DX initiatives.
2. Business Processes assesses the company's Customer Facing processes, Operational processes, and Shared Services processes for the extent of Standardization, Digitization and Adoption. It covers almost all business processes in any industry.
3. Technology landscape assesses the Digital Infrastructure, Robust IT platforms, Usage of appropriate Hosting models, Data Quality, Data Analytics for Business Decisions, IT Security, User Experience, and Mobility
4. Culture and Talent assesses the organization's Change Management practices, availability of Digital Competencies to drive DX, culture of Digital Innovations, Collaboration and Knowledge Management aspects.
5. Business Results assesses the impact of DX initiatives on various financial and non-financial metrics.

Dimensions 1 to 4 in the above list are the enablers for DX and the last dimension (Business Results) helps to assess the impact of these enablers on the overall program. Currently, the framework gives around 70% weightage to enablers and 30% weightage to business impact.

DXcel FRAMEWORK & RATING LEVELS



1. Strategy, Structure, & Governance

Intent:

For any digital transformation program to be successful, there are 3 important pre-requisites:

- Well-articulated Digital Strategy which is aligned to the overall business strategy
- Organization Structure that enables the program
- Structured Governance to ensure transparency and accountability

This dimension evaluates the availability of a well-documented digital strategy that is integrated with the overall business strategy. It also assesses the suitability of organization structure and the governance mechanisms for digital transformation.

1.1 Digital Strategy:

Intent:

Digital strategy is often undocumented or defined at individual department/unit levels. However, a digitally mature organization would have a well-defined digital strategy that is completely aligned to the business strategy.

Evaluation parameters:

- Scope of the Digital strategy - is it at individual department/unit levels or at overall company levels
- Involvement of key stakeholders including top management and board in the Digital Strategy preparations.
- Overall digital transformation strategy that not only binds all the individual requirements, but also well-aligned to overall business strategy

1.2 Digital Strategy Awareness

Intent:

Awareness of the Digital Strategy across all levels of the company is key pre-requisite for a successful evaluation. This sub-dimension addresses the extent to which strategy is understood across the organization, by the relevant stakeholders.

Evaluation parameters:

- Awareness creation approach (informal/formal/mandated)
- Awareness creation channels
- Awareness levels across Executive, Functional and Operational leadership levels
- Mechanisms available for employees at all levels to give inputs and feedback on Digital Strategy.

1.3 Top Management Commitment

Intent:

Top management commitment is key to the success of any strategy. This sub-dimension evaluates the extent of the top management's commitment to the digital strategy and methods by which it is demonstrated.

Evaluation parameters:

- Visible and demonstratable commitment from the top leadership team
- Providing time, labor and other infrastructure commitment to digital initiatives
- Proactive participation in strategy making, execution and monitoring
- Tracking market trends and driving the internal teams to obtain leadership position

1.4 Organization Structure:

Intent:

The success of digital strategy is also closely linked to the organization structure that exists to support execution. An organization with higher levels of digital maturity would typically have a central team that drives all the digital transformation initiatives. It also evaluates whether the organization is overly dependent on internal capabilities or willing to use external talent to drive digital transformation.

Requirements:

- A central team, led by a very senior person, with representations from every stakeholder group drives DX program
- Common goals across cross-functional teams to ensure success of DX program
- DX team consists of internal as well as external resources based on needs

1.5 Governance:

Intent:

Monitoring and Governance of DX initiatives using frequent and formal methods ensures that the initiatives deliver as per the promise. This sub-dimension evaluates if the digital transformation program is governed using structured processes. A higher maturity would typically have documented GRC processes, shared goals and dashboards for transparency and accountability.

Requirements:

- Well-structured Governance, Risks and Compliance methods for successful execution
- Level, content, and frequency of reviews
- Involvement of board in review key DX initiatives

1.6 Leveraging External Expertise:

Intent:

This sub-dimension evaluates the readiness of the organization to involve external partners in its DX initiatives for better scale and reach.

Requirements:

- Extent of involvement of external agencies in the DX journey wherever there is a gap
- Support and Handholding

1.7 Extent of current DX projects:

Intent:

This sub-dimension evaluates the extent of DX projects that are in progress or completed by the organization.

Requirements:

- Number of standalone DX projects executed or WIP and the benefits/intended benefits
- Number of cross-functional DX projects executed or WIP and the benefits/intended benefits
- Mechanism for identify new projects based on stakeholder inputs

BUSINESS PROCESSES

2. Process

Intent:

Process dimension of DXcel framework covers the end to end business processes of the organization from a digital perspective. Specifically, it covers 3 focus areas:

- Level of standardization
- Level of digitization
- Adoption of digital assets

The above 3 focus areas are individual evaluated for all the major business process areas of the organization. It includes (but not limited to):

- Customer facing processes: Sales, Marketing and Customer Service
- Operational processes: Manufacturing, Production, Supply Chain and Service Fulfillment
- Shared services processes: HR, Finance, Admin

Each of the major business process areas will have 25 to 35 points, based on the criticality of the process for that industry sector.

2.1 Level of Standardization:

Intent:

Standardized and optimized processes are a mandatory pre-requisite for any digitization exercise. Often, mature organizations undertake a business process re-engineering exercise to re-imagine the processes from the stakeholder perspective, so that non-value adding activities in a business process are eliminated before digital transformation.

Requirements:

- Process optimization from stakeholder perspective
- Well-documented processes, guidelines, and templates
- Presence/Absence of parallel legacy processes along with digital processes
- Identification of process metrics

2.2 Level of Digitization:

Intent:

Given the standard processes, the level of digitization of business processes will determine the Organization's readiness for digital transformation. This has been evaluated from the perspective of all process groups – customer facing, operational and shared services across all business processes.

Requirements:

- Seamless stakeholder experience in business process execution
- Products and Services offered through digital channels
- Borderless Operations - ability to address new markets and geographies
- Faster launch of new Products and Services due to digital backend.

2.3 Adoption of Digital Tools:

Intent:

Many digital transformation programs do not achieve the intended business benefits due to low level of adoption by the intended users. A digitally mature organization will ensure adoption through various incentives and disincentives.

Requirements:

- Involvement of intended users in DX programs to get buy-in
- Demonstrate efficiency and effectiveness improvements to all stakeholders
- Address the current pain points in business process execution
- Address the concerns around redundancy and job loss due to DX.

3. Technology

Intent:

Choosing the appropriate technology solution is the key for the success of digital transformation. It ensures that the digital strategy is successfully executed. Technology dimensions covers the following aspects:

- Digital infrastructure
- Platform robustness
- Cloud enablement
- Data collection and analysis
- Data security
- Mobile enablement
- User Experience
- Technology Decision making

3.1 Digital Infrastructure:

Intent:

Availability of an adequate, appropriate and future ready digital infrastructure plays an important role in digital transformation. It has to encompass the needs of individual departments/units and at the same time, ensure that it is uniform and scalable.

Requirements:

- Basic infrastructure for digitized operations
- Paperless environment
- Ability to experiment with new age technologies like AI, ML, IOT etc.
- Remote operations capability, where applicable
- Redundancy to take care of disruptions
- Centralized IT operations

3.2 Platform robustness:

Intent:

As an organization moves up the digital maturity scale, the IT landscape should be robust as well as agile enough to develop or migrate applications with least time and effort.

Requirements:

- Common digital platform to accelerate application development
- Agile Infrastructure
- Plug and play capabilities
- API enabled
- Ability to collaborate with customers, partners as well as employees.

3.3 Cloud enablement:

Intent:

With the advancement in technology landscape and access to high speed network connectivity, it is imperative for mature organizations to adopt Cloud for hosting efficiently as well as data storage requirements. This helps the organizations in huge cost savings in terms of dedicated IT infrastructure, usage of industry standard products, access to latest versions of software and data security.

Requirements:

- Cloud strategy
- Usage of Cloud for hosting as well for storage of data
- SaaS, IaaS, XaaS

3.4 Data collection and analysis:

Intent:

Organization shall have robust processes and tools for data collection, processing, storage and analysis capabilities for better decision making. Availability of BI tools for real-time and near real-time data analysis helps the organization in serving its stakeholders better, leading to better stakeholder experience.

Requirements:

- Strategy for data collection, processing, and storage
- Tools to execute the strategy
- Business Intelligence tools
- Master Data Management tools to ensure integrity of data

3.5 Data Security:

Intent:

In today's world, breach or loss of data can have a huge cost as well as stakeholder trust. Ability of the organization to prevent such situations as well as contain the damage goes a long way in differentiating between a mature organization versus rest.

Requirements:

- Centralized IT risk framework
- Tools for proactive monitoring and containment
- Robust Business Continuity and Disaster Recovery plans

3.6 Mobile Enablement:

Intent:

Ease of doing business is a key expectation from all stakeholders. With access to smartphones and not-so-expensive mobile data, more and more customers want to do business only through mobiles. A digitally mature organization encourages stakeholders to do most of the interactions through mobile or portal enabled applications.

Requirements:

- Offering products and services through mobile and web-based applications
- Basic productivity tools for employees
- Employee and Manager Self-service tools
- Vendors and Partners' interactions

3.7 User Experience:

Intent:

User Experience (UI/UX) is an important aspect in getting a buy-in from users for full-fledged adoption. This sub-dimension evaluates the approach of the organization for UI/UX in the buy/design/deployment of digital systems.

Requirements:

- Focus of the organization for Usability aspects
- Balance between Functional and Usability aspects in all decision making
- Involvement of Users in the buy/design/deployment process for any digital asset.

3.8 Maturity of Tech Decision Making and IT Processes

Intent:

This dimension focuses on the maturity of decision making for all Technology Buy/Develop/Deploy decisions and agility/nimbleness of the IT processes

Requirements:

- Usage of Agile/Dev Ops processes and other technical for rapid development & deployment
- Local versus Central decision making for optimized use of resources and scalability

CULTURE & TALENT

4. Culture and Talent

Intent:

As they say, "Culture eats strategy for breakfast". If the right talent and culture is absent in an organization, even the best of strategy is not sufficient. Culture and Talent dimensions covers the following aspects:

- Willingness to change
- Encouraging Innovations
- Skill and competencies
- Collaboration

4.1 Willingness to Change:

Intent:

Availability of an adequate, appropriate, and future ready digital infrastructure plays an important role in digital transformation. It must encompass the needs of individual departments/units and at the same time, ensure that it is uniform and scalable.

Requirements:

- Basic infrastructure for digitized operations
- Paperless environment
- Ability to experiment with new age technologies like AI, ML, IOT etc.
- Remote operations capability, where applicable
- Redundancy to take care of disruptions
- Centralized IT operations

4.2 Encouraging Innovations:

Intent:

Enabling and encouraging innovations go a long way in maintaining the competitive edge of any organization. Mature organizations have programs that encourage grass-root level innovations without fear of failure.

Requirements:

- Platforms for innovations
- Recognition and Rewards for innovations
- Aligned to Performance Management Systems
- Culture of building an entrepreneurial mind set
- Ability to involve everyone in the organization, regardless of levels.

4.3 Skill and Competencies:

Intent:

Building digital literacy within the organization as well with partners is a key requirement to be digitally transformed. Mature organizations not only develop competency development programs to enhance the skill and competencies of existing employees, but they also ensure that digital skills are part of new employee hiring process too.

Requirements:

- Competency identification and mapping
- Competency development program
- Partner and customer education programs
- API enabled
- Ability to collaborate with customers, partners as well as employees.

4.4 Collaboration:

Intent:

Usage of collaboration tools, both within the company as well as with external stakeholders, leads to better engagement and productivity.

Requirements:

- Digital communication tools
- Digital collaboration tools

BUSINESS BENEFITS

5. Business Benefits

Intent:

Companies embark on digital transformation journey to get business benefits – it could be in terms of financial or non-financial benefit. This model also allocates a significant part of the rating to the business benefits achieved, that can be directly attributed to digital transformation initiatives. The key here is to identify the improvements in various parameters which have been realized through this journey.

The list of benefits (but not limited to) is given below:

- Overall ROI
- Increase in revenue
- Cost savings
- Productivity
- Turnaround time
- Customer Service
- Supply Chain improvement
- Customer Satisfaction
- Employee Engagement
- Partner Satisfaction
- Number of new products launched (enabled through DX)
- New Markets/Geographies (enabled through DX)
- New business models
- Brand Image
- Number of projects successfully initiated
- Number of projects successfully completed