

HOW TO TAKE YOUR **DIGITAL** **TRANSFORMATION** JOURNEY TO THE NEXT LEVEL

A practical guide for executing digital transformation



Be bold

80% of managers view digital change as crucial for future business models

Source: PwC

Bringing about real change

The tremendous benefits of digital transformation are there for the taking across all sectors: metals and mining, food and beverages, life sciences and oil and gas. New digital technologies have transformed the way enterprises engage with customers, gather intelligence and do business. However, it is more than just becoming digital – it's about remodelling the business approach to improve efficiency; reshaping processes and remodelling a culture of continuous improvement.

This is key to successful transformation. It's about keeping your strategy on track, being adaptable and leveraging the opportunities innate in the increasingly digitised world we live in.

Whether you are just starting out on your journey, or well underway and want to take it to the next level, this guide offers practical advice on four critical success factors to ensure your journey reaches its full potential.

- **Getting a great plan in place**
- **Adapting and enhancing legacy assets**
- **Developing the right talent in your organisation**
- **Ensuring maximum return on investment from digitalisation**

GETTING A GREAT PLAN IN PLACE

Digital transformation doesn't have to be the challenge we often perceive it to be. Especially once you take a closer look and realise that transformation isn't just about deploying new technology, but also about putting the right plan in place, securing executive support and developing the right talent.

Six out of ten enterprise executives believe IoT technology will play an important role in their organisation's digital business strategy

Source: IDG

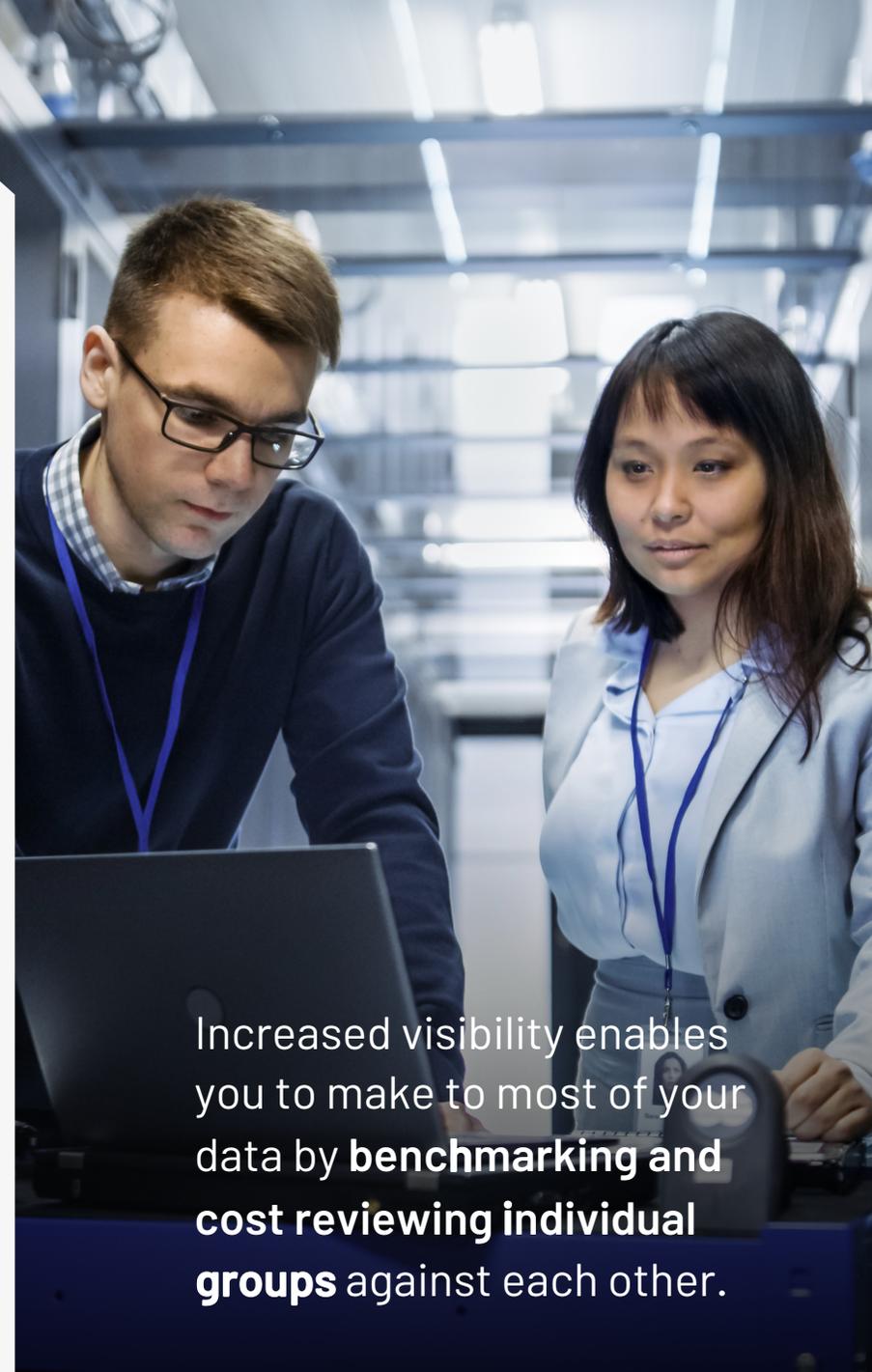
When designing the right strategy and organisational structure, successful companies do two things: realise that silos are an obstacle to digital transformation and enhance the visibility of their digital progress.

By implementing digital transformation across numerous sites you will gain more information. The more information you have, the more you can broadcast your digital transformation successes to the rest of the enterprise.

Mitigate siloed digital transformation by budgeting at the corporate level – not at the individual site – to cultivate growth across the entire enterprise. This increased visibility enables you to make the most of your data by benchmarking and cost reviewing individual groups against each other, leading to truly transformative results.

Picture this: One manufacturing plant has a scrap rate of 10%. You might look at this data and aim to hit an 8% scrap rate within one year. Or you can look at the portfolio of sites, find out that the best demonstrated performance is a site with a scrap rate of 3%, use the data to find out why that site is so efficient, and apply that data across the entire enterprise for rapid transformation.

The key point here is that the digital transformation is a business outcome, rather than a collection of technology tools to be applied. Strive to showcase the benefits of digital transformation across the entire organisation, not just in a single group.



Increased visibility enables you to make to most of your data by **benchmarking and cost reviewing individual groups** against each other.

ADAPTING AND ENHANCING LEGACY ASSETS

Digital transformation for legacy systems is one of the most important strategic investments an organisation can make. In fact, legacy technology is an enabler of digital transformation, not an obstacle, and can serve a critical function in your transformation strategy.

The meaning of legacy will change depending on your organisation and industry, but the common benchmark is assets that are over 20 years old with a limited network infrastructure.

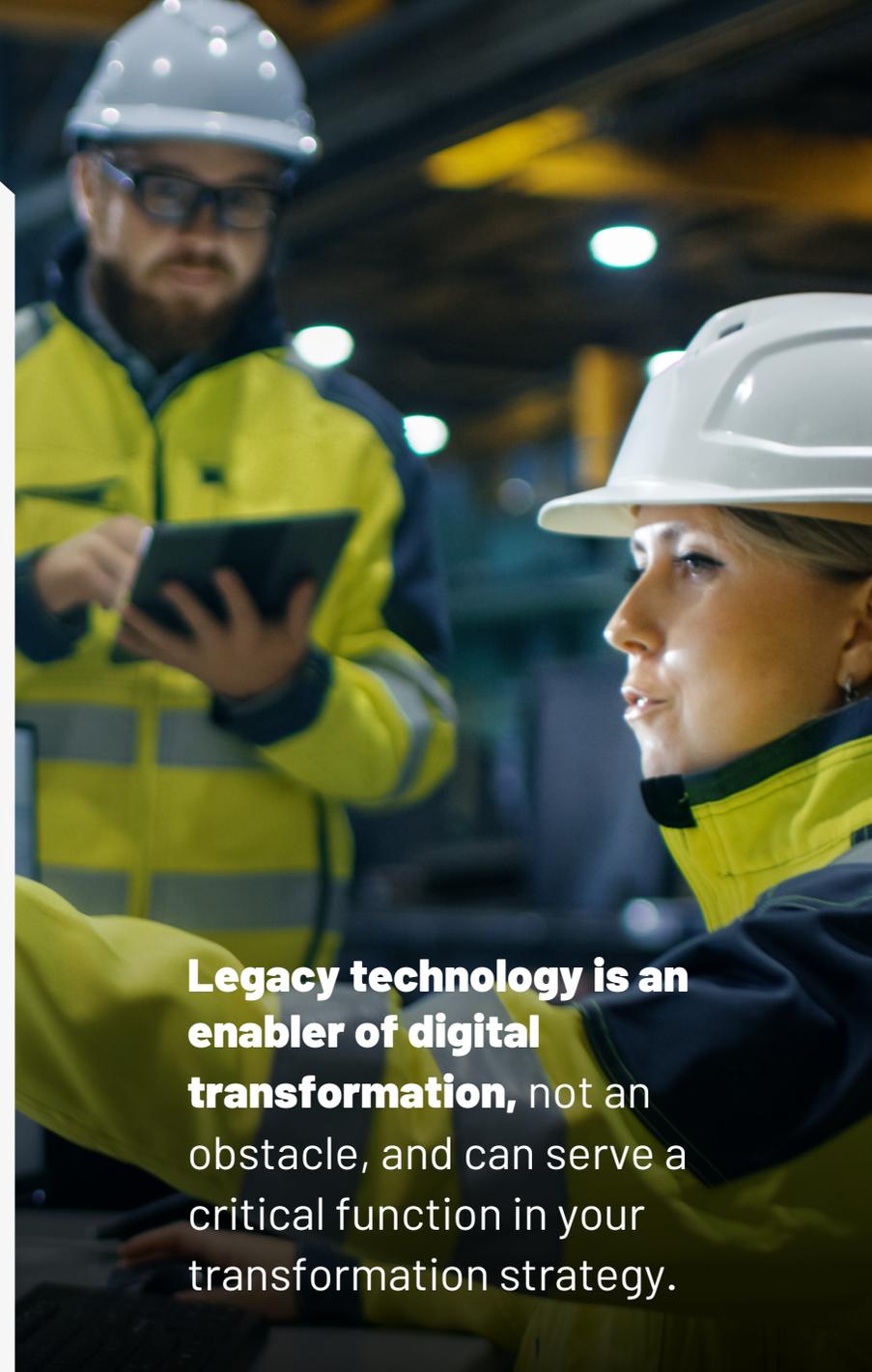
Reinvesting in legacy equipment often isn't the solution, as the technical costs result in a low return on investment (ROI). Digital transformation is then the most valuable long-term investment you can make for legacy systems – ensuring your old technology is able to leverage new technology and aligns with your future business goals.

The key hurdle with transforming legacy systems is tackling network infrastructure. But the solution is straightforward.

Don't wait too long to improve your network – perform a full network assessment and post-assessment for remediation – no matter what stage you are at in your journey. Whether that entails increasing wireless coverage, increasing data flow capabilities or gaining oversight of the security procedures in place – you need to find out.

After the evaluation, you will have a good idea of where your connection points are located.

Now, you can get a handle on those devices – and if most of them are connectable, they will require an agnostic solution to connect to multiple devices and controllers. This will put you in an ideal position to upgrade hardware and improve connectivity – bringing you one step closer to realising your goals.



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HIRING THE RIGHT PEOPLE WITH THE RIGHT SKILLS

People are at the heart of your digital transformation strategy, as they are the ones with the core skills to leverage development and drive teams towards excellence. For a task of this scope, you need a team with the willingness to accept change with agility. But in many transformation initiatives, it is often spearheaded by a group of executives, potentially with limited on-the-ground experience.

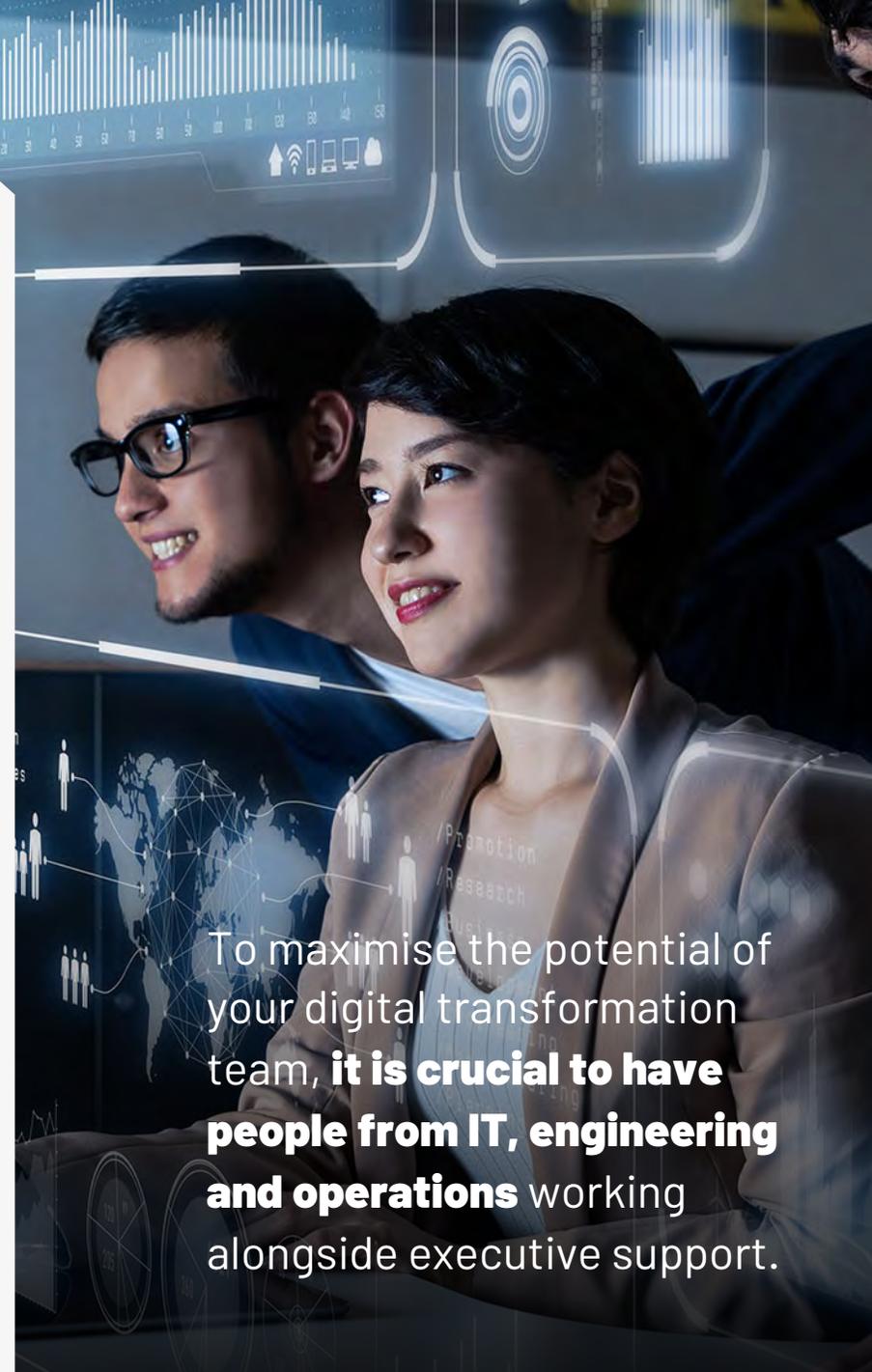
To maximise the potential of your current or future digital transformation team, it is crucial to have people from IT, engineering and operations working alongside executive support.

- **IT:** IT will deliver the solution regarding software, data and networking.
- **Engineering:** Engineering is the technology group in charge of buying and maintaining physical assets. They will predominantly work towards installing specifications and creating user settings.
- **Operations:** Operations are the people using the equipment on a day-to-day basis and interacting with different systems. They are ultimately responsible for delivering results.
- **Executives:** Once a team and a strategy is in place, this group will work towards driving engagement and executive sponsorship. Digital transformation projects enjoy more traction when they are driven from the top down as opposed to bottom up.

You have your team ready, so what is the next step? One final challenge to consider is the differing opinions between the three groups. For example, the head of IT may have a different idea in mind for their preferred supplier than the head of engineering. Ultimately, each department lives in a different world – making it vital that all three teams are on the same page from the very beginning.

56% of CEOs said digital improvements have led to revenue growth

Source: Gartner



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USING THE RIGHT ROI METRICS TO SUPPORT TRANSFORMATION

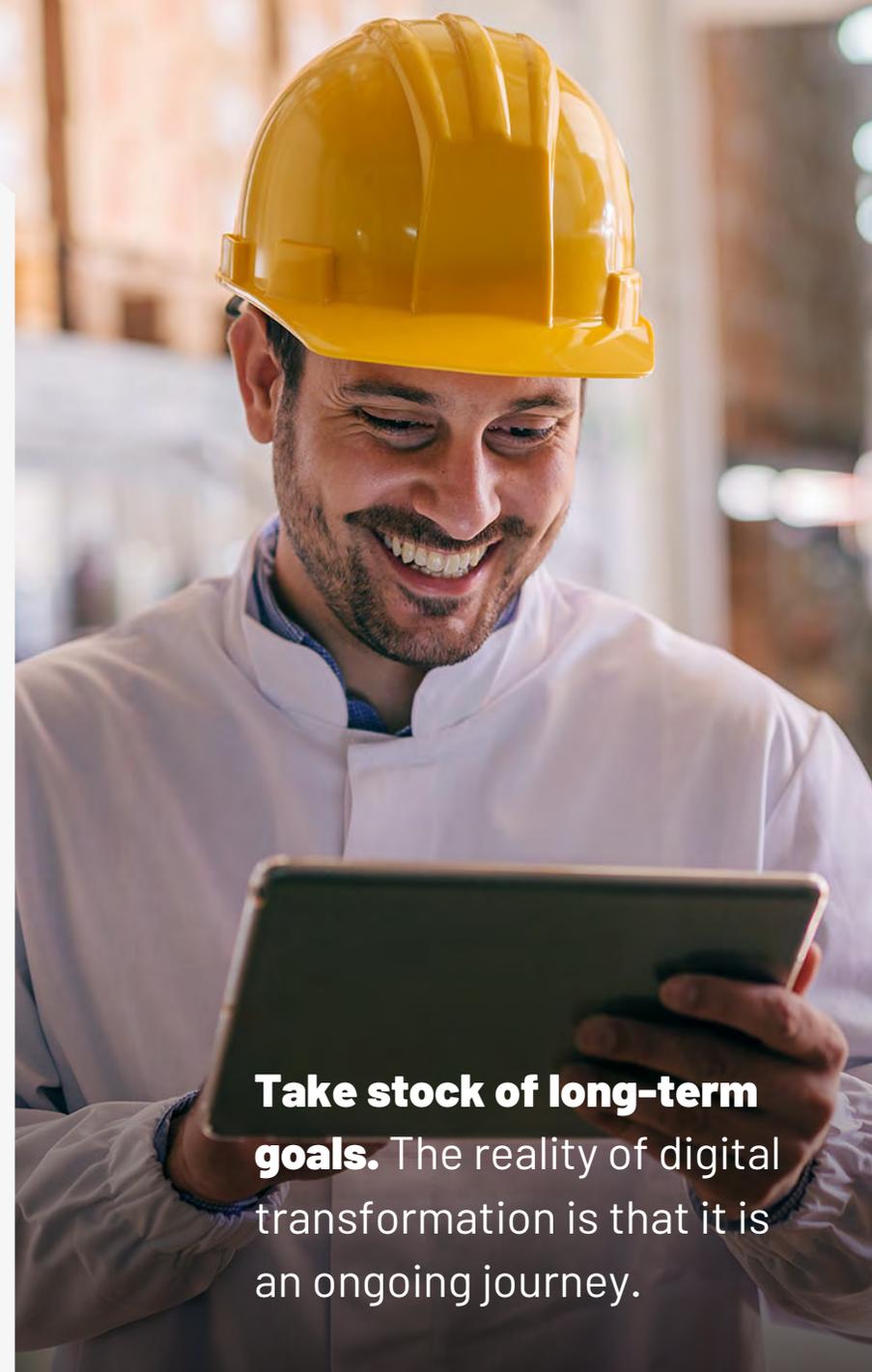
Your enterprise stands to save money by digitally transforming operations into a connected enterprise; synchronising IT, production and engineering along a shared digital thread. Operating budgets are reduced, new tech will lead to innovation and removing inefficiencies will save time.

However, traditional ROI metrics, such as internal rate of return and payback period against the cost of investment are not ideal metrics for digital transformation because of the lower short-term ROI. So, how should you measure the cost savings and efficiencies within digital transformation?

Take stock of long-term goals. The reality of digital transformation is that it is an ongoing journey. Digital transformation ROI metrics should be rooted in how they will impact the organisation on a strategic, operational and cost-impact level.

- **Strategic impact:** Monitor long-term metrics such as revenue growth, accelerated development cycles, increased production cycles, and a reduction of customer acquisition costs.
- **Operational impact:** Measure operational efficiencies and productivity improvements.
- **Cost impacts:** Cost impacts can include reduced cost of asset management, IT operations and general reduced business costs.

The specific metrics will be different for each organisation, which is why it is so important to bring your operations into the fold right at the beginning. Work with the operations team to gain an understanding of what will make them more productive. Their insight should inform your core ROI metrics to paint an accurate picture of why your transformation strategy is a success.



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Reaching new heights

Organisations are changing the way they work. The practical and powerful convergence of IT and OT is proven – enabling meaningful change for manufacturers and producers to reach new heights of efficiency and productivity.

It is paramount that leaders understand what they need to do to implement digital transformation. This requires a full understanding of what needs to be factored into the planning process to ensure success and ongoing support.

By approaching the four opportunities we have outlined, leaders can reimagine their operational workspace in order to effectively take digital transformation to the next level.

- Getting a great plan in place
- Adapting and enhancing legacy assets
- Developing the right talent in your organisation
- Ensuring maximum return on investment from digitalisation

Leaders should never be comfortable with the status quo if they can unlock advantages and reach new heights. If digital transformation is the ultimate industry opportunity of the day, it doesn't have to be the most difficult to implement. Approach transformation with open arms, embrace change and enjoy the journey.

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