

Digital Transformation Examples: Where To Start For Success



The digital transformation process isn't for the faint of heart. It takes time, commitment, research, and patience. For many businesses, it's anything but an overnight change; progress comes in stages, with new improvements built upon the gains provided by their predecessors.

Yet few would argue the process isn't worth the bother. The value earned from an effectively planned and executed digital transformation initiative can be measured not just in dollars and sense, but in greater performance efficiency, risk management, and competitive strength.

By following the digital transformation examples set by successful pioneers, your company can target the right priorities and harness the right digital technologies to ensure your own initiative is an effective and lasting one.

How Following Digital Transformation Examples Can Help

Every company has its own unique goals and priorities for digital transformation. But because it does represent a significant investment, and requires careful

planning and forethought to generate long-term value from persistent transformation, it's important for organizations to chart a roadmap for their near and long term digital transformation success.

Taking inspiration from other businesses who've successfully implemented their own digital transformation strategies can take some of the guesswork out of the process, helping to clarify:

- The organizational goals supported by digital transformation (e.g., improve the customer experience, streamline core workflows such as the procure-to-pay (P2P) process, improve supply chain resilience, etc.).
- The obstacles they face in meeting those goals (e.g., antiquated technologies, opacity limiting the utility of financial data, bloated or underoptimized supply chains, etc.).
- The digital tools they'll need to leverage to meet their goals (e.g., artificial intelligence (AI), machine learning, automation, cloud computing, augmented reality, real-time data analytics, etc.).
- A realistic time frame for both the initial implementation of new technologies and protocols and the long-term enforcement of these changes (including any modifications to company culture) to ensure a truly successful digital transformation (e.g., A three-year digital transformation roadmap might dedicate one year for research, training, and implementation of a new software system, followed by six months for initial digitization, another six for new processes developed on efficiency and data management improvements achieved via the new system, and so on.).

By ensuring you've addressed these considerations, you'll be well-equipped to prioritize your digital transformation needs and choose the technologies and tools that can help you meet them in the order that best suits your budget, timeframe, and corporate culture.

Many major corporations have successfully used digital transformation technologies to bolster their competitive position and enhance profits and performance while protecting business continuity.

Key Trends in Digital Transformation

As the global economy continues to adjust to, and recover from, the major social and economic disruptions in the early 2020s—the COVID-19 novel coronavirus pandemic chief among them—digital transformation has become a leading priority for businesses of all sizes and types.

Adjusting to new ways to work, play, and live has fundamentally altered how consumers interact with businesses (whether they're business-to-business (B2B) or business-to-consumer (B2C)).

New paradigms for collaborating safely have pushed businesses to modify or create their remote working policies and technology stacks.

Consider these digital transformation trends sweeping the globe:

- **Consumers want more robust online support and services.** A 2020 study conducted by Statista found nearly nine out of ten (88%) of consumers expect brands and organizations to offer some kind of self-service support portal for eCommerce, preferring knowledge bases above all other tools.

Research conducted by eMarketer in that same year found consumers have strong interest in technologies such as augmented reality tools to “try on” outfits before purchasing them online. They also want to tap into the power of the Internet of Things (IoT) in physical spaces via new technologies such as app-connected self-checkouts, smart mirrors, and cashierless stores.

In addition, social media is quickly becoming the new customer support. Companies are using chatbots to reduce customer support costs by as much as 30%, and an estimated 80% of businesses will use some form of chatbot by the end of 2021.

Customers exchange more than 20 billion messages with businesses every single month on Facebook messenger alone. 64% of customers would rather message a business on social media than call it, and Millennials prefer live chat over all other communication channels.

- **“Uberization”** Even before the coronavirus pandemic made staying in and ordering out *de rigueur*, consumers were becoming accustomed to the convenience and simplicity of ordering car rides, groceries, and even

healthcare with a single click on their phones or computers. As with social media, the expectation of ubiquity and real-time access has pushed companies to adopt technologies that meet those expectations.

- **Procurement is evolving into a major source of strategic value.** The procure-to-pay process is a common and critical target for digital transformation because procurement (along with accounts payable (AP)) touches every single area of a business.

Optimizing the procure-to-pay process fulfills procurement's traditional role of achieving cost savings, but also drives major tangible and intangible value by eliminating waste, reducing risk exposure, and maximizing process efficiency. A comprehensive and cloud-based procurement solution such as PLANERGY, for example, also provides the tools needed to implement other areas of digital transformation.

By consolidating and integrating an organization's entire datasphere (standardizing, digitizing, and integrating data environments eliminate data silos), every business unit and department can collaborate and communicate more effectively and produce more useful reports, forecasts, and budgets.

And just as importantly, analysis of procurement data (including supplier performance data, historical spend, contract management and compliance, etc.) can provide invaluable, actionable insights that drive better decision making, improving everything from cash flow management to long-term investment planning.

In addition, procurement data can also be used to meet changing consumer demands. As sustainability, ethical business practices, and corporate social responsibility become increasingly important to consumers, companies need real-time data management and analysis tools they can rely on to help them build sustainable supply chains, enforce compliance, and avoid needless (and costly) risk.

Because these insights can provide such powerful value and are delivered quickly enough to be of maximum strategic utility, companies are centering procurement in their overall business process optimization and using digital transformation technologies to use the value created by optimized P2P to support goals at the enterprise level.

For these reasons, any company looking to begin its digital transformation journey on the right foot will be well-served by implementing a purpose-built P2P solution, regardless of business model or industry.

Key Examples of Digital Transformation Success

Facing consumers with increasingly high standards and expectations for the customer experience demands and a need to cut costs while prioritizing value creation in a cutthroat marketplace, many major corporations have successfully used digital transformation technologies to bolster their competitive position and enhance profits and performance while protecting business continuity.

Some of the most visible examples include:

1. From Big Box to Big Data: Best Buy

Hemorrhaging business to online titan Amazon and mired in old-media promotions, the once-mighty big box tech leader was on the ropes in 2012.

But thanks to a targeted digital transformation initiative focused on optimizing the customer experience and a major overhaul of its marketing approach, the company was able to move into the digital age by:

- Pivoting to provide customers with advisory and repair services as well as sales via the Geek Squad.
- Moving to customized, data-driven digital marketing after decades of print-based mail campaigns. Customer data is used to provide custom recommendations and promotions, as well as advice and assistance related to goods they've purchased or plan to purchase.
- Responding to the social restrictions of the pandemic by shifting to curbside service and adjusting its marketing and service strategies to accommodate changing consumer needs based on data drawn from consumer, government, and industry sources.

The end result? A share price that's more than quadrupled since 2012, and \$47 billion in 2021 sales (a growth of 8.3% over 2020).

2. Redefining DIY: IKEA

The Swedish home goods and furniture giant—a data-driven organization that has long used customer research data to refine its product lines for maximum appeal,

improve sustainability, and build value while keeping costs as low as possible—augmented its digital reach in a big way (and expanded its customer base significantly) in 2017 by acquiring TaskRabbit.

The new services such as home delivery and furniture assembly added value and revenue by luring customers immune to the charms of hours spent with an Allen wrench.

But more importantly, TaskRabbit services added valuable new datastreams of customer information the company could use to develop new products and target its advertising and services more effectively to digital natives.

IKEA also added another digital tool, augmented reality, to its kit with the IKEA Place application, which allows customers to place virtual copies of the company's products in their living space for a quick "test drive" prior to purchase.

3. Digital Transformation Success, Brick by Brick: LEGO

Everyone's favorite Danish block maker entered the digital transformation game way back in the 1990s, when it launched the first of many LEGO video games.

While the games provide revenue on their own, their primary use for the company is as a marketing tool, selling toys, spawning movies and television shows, and providing opportunities to partner with other brands for shared promotions.

More recently, the company has further enhanced the customer experience by offering a Digital Design application that lets fans build their own custom projects and then generate a parts list of LEGO blocks required to build it in real life.

They've also leveraged social media to attract user submissions for new products, such as the *Back to the Future* set that was approved for production after being submitted by a fan.

4. A Custom Fit: Nike

When your customers are always on the go, they need mobile-friendly tools to help them get the products they need. Nike has implemented a number of digital technologies in recent years to meet customer needs while improving sales.

The shoemaker's Nike Fit app, for example, uses a digital foot scan to suggest the best type of shoe for the buyer, allowing for a better fit—and free biometric data the company can use to refine and develop future products.

The company is also engaging consumers more directly with its NIKE+ program. App users get feedback on their performance, expert advice from professional athletes, and special pricing and promotions on Nike purchases. Nike uses customer data to provide targeted promotions and rewards.

They've also used digitization and automation to directly improve company operations and lower costs while providing yet another revenue stream.

The company has digitized more than 6,000 materials to improve the speed and efficiency of the internal design process, but *also* uses them to provide customers with a staggering array of design and material options through its Nike By You custom sneaker service.

5. They Have the (Digital) Power: Hasbro

Shifting focus can have a powerful impact on the bottom line. After analyzing consumer data in 2012, the company changed its primary promotional target from children to the adults who purchase toys for them.

They tailored their marketing campaigns across multiple channels (including social media) to provide customized recommendations and promotions, seeking to anticipate customer interest and needs.

Long famous for making television content that doubled as advertisements for its products, the company also tapped into digital content marketing via YouTube, creating new video content and then targeting ad campaigns to parents that included customized advertisements, in-stream ad content, and trailers.

The company then used real-time analytics to further refine their marketing efforts to achieve not just more sales, but greater brand engagement to build long-term value from increased interest, loyalty, and word-of-mouth promotion.

6. Digital Diversification: Microsoft

The world's largest software company is more than just Windows. The company

has invested in a number of digital transformation initiatives over the years in an effort to meet changing consumer demand.

In the 21st century, the company has made digital technologies a core part of its diversification and customer satisfaction strategies.

For example:

- Purchasing Minecraft, LinkedIn, GitHub, and Bethesda Studios, providing not just new revenue streams but valuable sources of consumer data to be analyzed and leveraged in creating new products, improving customer experience, and providing targeted marketing.
- Investing in cloud computing technologies. The company's OneDrive service is integrated with DropBox, for example, and the company has also partnered with Amazon to provide a variety of Microsoft-powered services on Amazon's AWS platform.
- The company has also expanded its mobile offerings, allowing Office users to access their applications and files via browser even on Apple devices, for example, although the company has also developed Apple-specific versions of its most popular applications as well.
- Creating its own digital transformation services, providing companies with guidance, digital transformation strategy development, and software tools that leverage digital technologies.

Digital Transformation Success Awaits

The digital frontier is still a wild and rugged place.

You don't necessarily have to follow strictly in the steps of those who came before, but you can smooth your progress to a successful digital transformation by taking a page from their book for your roadmap. Identify your needs, choose how you want to meet them, and invest in the technology and tools you need to make it happen while dodging the pitfalls that plagued your predecessors.

With careful planning, a solid digital transformation strategy, and a little luck, you'll be on your way to becoming a digital transformation success story that inspires others.

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