

Digital Transformation Plan: A How-To Guide



In today's fast-moving, global economy, business is done in both the virtual and physical worlds.

Companies need to understand digital technologies, and implement them effectively, in order to generate business value and cost savings, achieve short- and long-term goals, and protect both business continuity and competitive strength.

Consequently, businesses who want to maximize their return on investment (ROI) and ensure they're doing more than just "keeping up with the Joneses" prioritize business transformation via digital transformation. And they do so by crafting a kind of roadmap known as a *digital transformation strategy*.

Whether you're a chief information officer (CIO), chief digital officer (CDO), chief procurement officer (CPO) or part of a larger team tasked with building your company's transformation roadmap, digital transformation success begins with understanding how digital transformation works, the potential obstacles you'll face, and the tools and practices you can use to help your organization complete its digital transformation journey.

Ensuring you have a digital transformation change management plan will be key to your success.

What is a Digital Transformation Plan?

Digital tools like artificial intelligence (AI), robotic process automation (RPA), and deep data analytics are all part of a larger phenomenon known as the Fourth Industrial Revolution, aka the next evolution in how technology affects the ways we live, work, and play.

These digital tools, along with other important concepts like The Internet of Things (IoT), digital twins, and virtual reality, are playing increasingly important parts in all areas of life—including how we do business.

Integrating these technologies into your business processes helps your organization compete and generate value by introducing continuous improvement, automation of high-volume, repetitive tasks, actionable insights for more strategic decision making, and more. But just as no two companies are alike, there's no one way to achieve digital transformation success.

Consequently, companies craft a digital transformation strategy to identify the areas in need of optimization, recognize obstacles to adding new technologies to existing workflows (and developing new workflows to replace outdated ones), and develop a short- and long-term plan to achieve digital transformation, either in stages or in one fell swoop.

Such a plan also includes evaluation tools such as key performance indicators (KPIs) teams can use to measure (for example) internal process efficiency, vendor compliance, changes in total cost of ownership (TCO), etc., as well as strategies for further refining the organization's digital initiatives to meet future challenges and business needs.

“(The) general path to digital transformation can take many twists and turns, depending on the goals and needs of your business.

It can be long and winding, or short and modular. What matters most, however, is in moving through the stages in order to ensure you've invested the time, resources, analysis, and planning required to achieve the digital transformation

goals you've set for your organization.”

Crafting a Digital Transformation Plan for Your Business

Like other professionals, seasoned “digital cartographers” know there’s rarely a need to reinvent the wheel—or re-map well-established territory—when establishing the foundation of their digital transformation strategy.

You can take a page from their atlas by building your digital transformation plan on a firm foundation provided by established processes like the SOSTAC® planning model, executed across three distinct stages.

Originally created as a marketing model in the 1990s by PR Smith, SOSTAC allows companies to pursue digital transformation in myriad ways by providing a uniform procedure for needs analysis, procedural and tactical planning, implementation, and refinement.

SOSTAC is an acronym:

- **Situation:**
 - What’s our current level of digital readiness?
 - What areas would provide the greatest benefit if digitized or are most in need of digitization to preserve our operational integrity and competitive performance?
- **Objectives:** What are our goals, timeframe, and budget for digital transformation?
- **Strategy:**
 - Will we use a comprehensive or modular approach?
 - What obstacles must we overcome to achieve success?
 - What benchmarks will guide us as we develop and implement this strategy?
- **Tactics:** What processes must we change or develop to reach our goals?
- **Action:** What are the specific phases of pre-implementation, implementation, and review?
- **Control:** What KPIs will we use to evaluate our success in reaching our benchmarks and overall goals?

This six-step process takes place over three stages:

Stage One: Definition

- Perform needs analysis. Prioritize areas with the strongest potential for optimization via digital transformation.
- Establish clear, detailed, and measurable goals for each initiative.
- Document and demonstrate the benefits of digital transformation for each step of the process, e.g. process improvements, immediate and long-term cost savings, value creation, etc.
- Get full buy-in from senior management, who will be instrumental in securing buy-in from the rest of the organization at all levels.

Stage Two: Implementation

- High-value projects receive initial investment and digitalization, with improvements spreading across the organization as time, budget, and overall operational goals dictate.
- Projects are managed by team(s) of staff with the skill sets and experience required to meet goals in time and under budget.
- The benefits provided by digital technologies are promoted within the organization, and staff receive all necessary training, education, and support to embrace these changes and achieve even greater gains in efficiency, accuracy, cost effectiveness, etc.
- Corporate cultural changes, such as the introduction of flexible schedules, remote teams, etc. demonstrate value beyond the bottom line and provide morale and job satisfaction improvements that strengthen team commitment to digital transformation.

Stage Three: Enhancement and Scaling

- At predetermined stages, each implementation (as well as the progress of the company's overall digital transformation) is reviewed to measure impact and effectiveness.
- Gains made from successful implementations can be invested in pursuing further digital transformation goals.
- The insights gleaned during analysis and review can be used to further

optimize workflows, internal controls, and business process management strategy to accommodate and leverage new technologies as they become available and relevant.

It's worth noting that this general path to digital transformation can take many twists and turns, depending on the goals and needs of your business. It can be long and winding, or short and modular.

What matters most, however, is in moving through the stages in order to ensure you've invested the time, resources, analysis, and planning required to achieve the digital transformation goals you've set for your organization.

A Path to Digital Transformation Success through Optimized Procurement

Understanding the general methodology used in creating and following a digital transformation strategy is only the first step.

To gain a deeper grasp of how a company might choose to introduce digital tools and create new business models and transformation initiatives that support their overarching digital transformation efforts, it helps to look at a specific example.

Take, for example, procurement. In a highly competitive, data-driven global economy, it's no longer just *what* you buy, but *how you buy it* that can have a significant impact on your ability to compete, grow, and even turn a profit.

All of the goods and services that flow into your company, and all of the money flowing out to pay for them, travels through both procurement and accounts payable via the procure-to-pay process.

This particular business process (also called the *purchase-to-pay process* or simply the *P2P process*) is a strong choice for businesses of all sizes and types who are looking for a starting point to bring digital transformation to their entire organization.

It's a single area, but it touches on all other areas of your business, and so significant improvements using digital technologies quickly produce benefits your entire team can see and appreciate.

Let us consider how implementing a comprehensive, cloud-based procurement solution like PLANERGY can help you build and follow your digital transformation roadmap to success.

- In a single transformation initiative, you can introduce powerful and versatile digital tools like machine learning, advanced data analytics, and robotic process automation to your workflows. This not only allows for measurable improvements readily demonstrated to stakeholders, but helps nurture a corporate culture of digital readiness and encourages buy-in at all levels for additional improvements.
- Centralized data management and analysis provide a transformation framework for additional initiatives through the introduction of detailed, accurate, and complete data collection, organization, and review. SOSTAC is much easier to achieve with digital data tools and clear insights into your existing processes.
- Core concepts like iterative optimization and continuous improvement are introduced through the automation of high-volume, repetitive tasks such as invoice processing and approval workflows.
- Automation provides immediate and measurable improvements to accuracy, speed, and efficiency. It also generates cost savings via lower cycle times and more discounts captured, as well as greater value by liberating your team from drudgery like data entry and exception management to turn their skills toward more strategically valuable tasks.
- A guided buying environment creates value and lowers costs by eliminating maverick spend and invoice fraud, along with human errors like duplicate, lost, or incorrect/incomplete orders.
- Data analytics transform Big Data into actionable insights for improved decision-making and more accurate financial reports and forecasts. Strategically important areas like cash flow management, strategic sourcing, and business continuity planning are all enhanced by complete and accurate data available in real time.
- Full integration with both your existing internal software environment—e.g., enterprise resource planning (ERP) suites, accounting software, customer resource management (CRM), etc.—and vendor systems lets you establish and monitor KPIs for internal benchmarks as well as vendor compliance and performance.
- Platform-agnostic access from mobile and desktop devices makes it easier

to implement other digital transformation initiatives such as remote work.

- Data analytics and flexible, easily customized automated workflows set the stage for a more agile and resilient supply chain by allowing you to analyze and review data to modify existing workflows, add contingencies, or create new ones to protect essential goods and services that keep your company clicking along when potential disruptions loom.

Build Your Roadmap to a More Productive and Profitable Digital Future

You might not be able to predict the future, but you can harness the power of emerging technologies to ensure you're ready to meet it.

Take the time to develop and implement your digital transformation plan and invest in the right digital tools, and you'll reach your goals for digital transformation while enhancing your company's competitive performance, value creation, and operational efficiency.

What's your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
- Visit our "Solutions" page to see the areas of your business we can help improve to see if we're a good fit for each other.
- Learn about us, and our long history of helping companies just like yours.

Book a Live Demo

2. Download our guide “Preparing Your AP Department For The Future”

Download a free copy of our guide to future proofing your accounts payable department. You’ll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

download a free copy of our guide

3. Learn best practices for purchasing, finance, and more

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

Related Posts