



2020 Advisory Conference

October 27–29

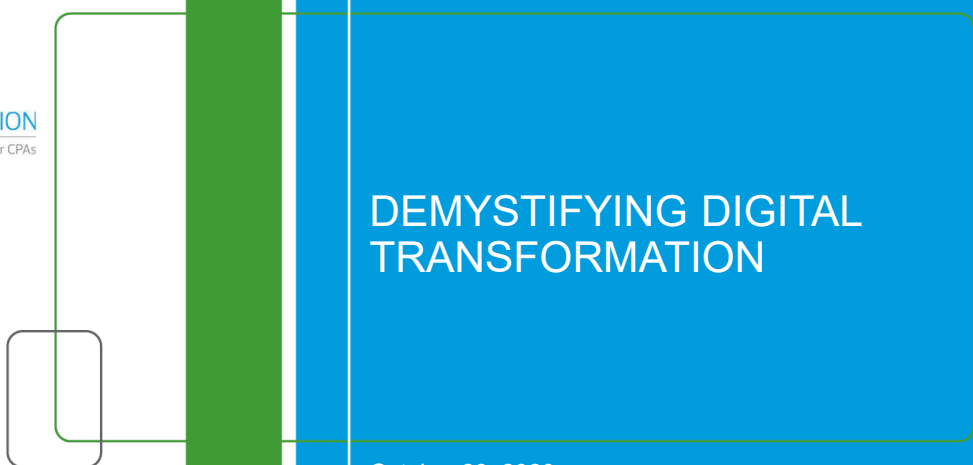
Converging knowledge and behaviors to deepen client relationships

CONVERGE

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DEMYSTIFYING DIGITAL TRANSFORMATION

October 28, 2020

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Speaker



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Agenda

Topic	Field(s) of study	Minutes
Current State of Digital	Digital Transformation	10
The Digital Journey	Digital Transformation	15
Digital Strategy Case Studies	Digital Transformation	15
Getting Started	Digital Transformation	10
Question & Answer	Digital Transformation	10



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Objectives

By the end of this course, you will be able to:

- Understand key characteristics for digital transformation success
- Describe the key dimensions of a digital strategy approach
- Understand the value and benefit to the firm as a result of the digital journey



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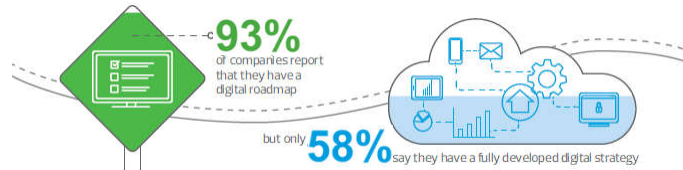
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CURRENT STATE OF DIGITAL

Current State of digital transformation in the middle market

Recently, RSM surveyed middle market Executives to understand their thinking about Digital Transformation. Overall, Digital Transformation is a significant priority for middle market executives over the next 1-3 years.



89% of organizations will increase digital transformation spending over the next three years

but **34%** are concerned with determining the success of their digital efforts and adoption within the organization

and **72%** of Executives are significantly concerned with organization's ability to achieve digital goals



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Source: RSM Digital Transformation 2 (DT2) Study, November 2019

Success Factors

Middle market executives were asked to identify themselves as leading or lagging in digital – In addition, they were asked to identify the key factors leading to a success or a lagging digital transformation

Keys to a Successful Digital Transformation

Top 3 Characteristics of Leading Organizations:



Strategic alignment between Digital & Business



A level of **digital maturity** that decreases time to value



A **workforce that has been trained** in digital technologies



Top 3 Characteristics of Lagging Organizations:



Lacking Best Practice across key business areas



Inadequate investment in digital technologies



Technology bias toward 'older' solutions



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Source: RSM Digital Transformation 2 (DT2) Study, November 2019

Digital Capabilities

As part of the executive survey, RSM asked middle market executives to identify the key digital technologies being discussed at their firms

Digital Transformation Priorities

Primary Responses:



Enterprise Mobility



Mobile Technologies



Artificial Intelligence (AI)

Other Notable Responses:



Cloud



ERP



CRM



Blockchain



Cyber Security



Digital Marketing



Data & Analytics



Robotic Process Automation (RPA)



Internet of Things (IoT)



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Source: RSM Digital Transformation 2 (DT2) Study, November 2019



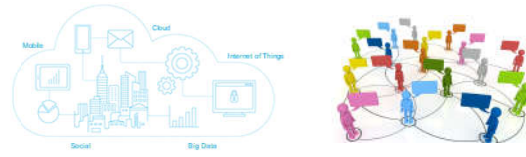
The Digital Journey – not just about the technologies...

Digital Transformation is a People, Process *and* Technology Journey

Enabling Technologies



Organizing Constructs



A Digital Strategy has elements of digitizing and digital

Digitizing

Operationally focused, efficiency

'Being good at the game'
'Get in the game'

(automation, cost)

&

Digital

Disrupting the *model* in your industry

'Playing a different game'
'Change how game is played'

(doing differently & different things)

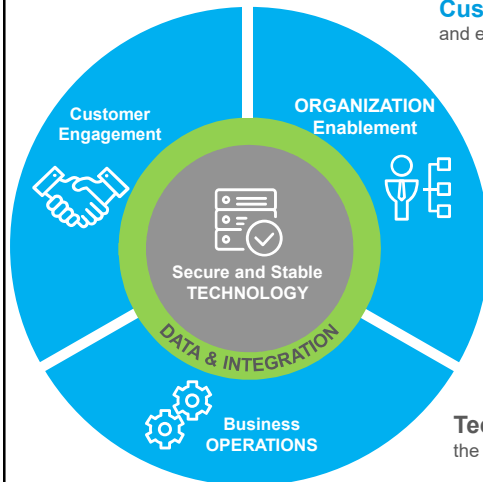


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Dimensions of a Digital Strategy

Digital is not just about technology – its about how an organization can use technology to enable and reach their goals.



Customer Engagement: How you leverage technology to engage your customers and external stakeholders including how they interact with your business.

Is your customer engagement powered by mobile, social, analytics for personalization?

Operations: Using the right technologies and systems to transform how you operate, creating higher levels of efficiency and accuracy in day-to-day activities.

Is your digital approach just about incremental cost savings?

Organization: Giving your teams the digital tools, capabilities and culture to be more effective and increase value contribution on a regular basis.

Are you making the cultural changes necessary for digital?

Data: Capturing and using data to create better insights, deliver more personalized experiences and improve decision making.

Are your decisions data driven? Is data at the core of your business?

Technology: All of the people, processes and systems necessary to maintain the systems, infrastructure and security.

Is your technology platform placing your brand /company at risk?

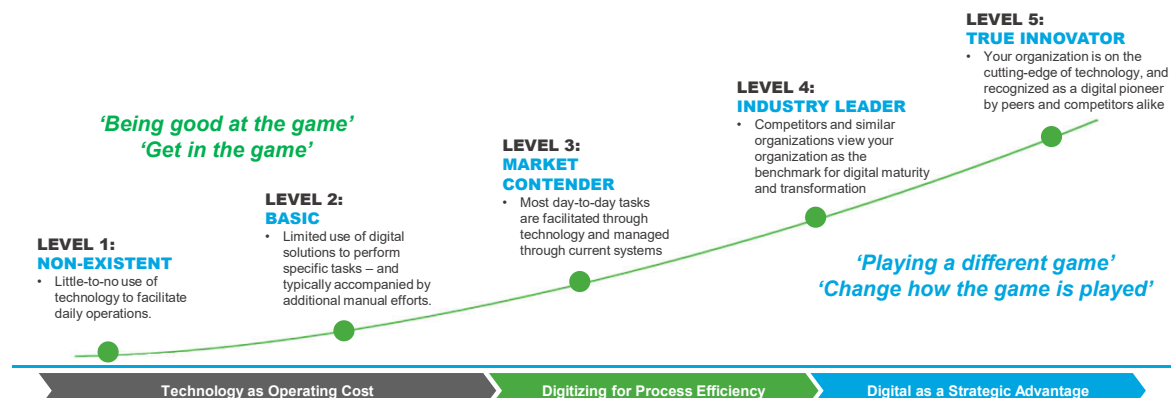


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The Digital Journey - Where are you & where do you need to be?

The target level of maturity is driven by what is critical for your firm to succeed



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DIGITAL STRATEGY CASE STUDIES

Case Study Overview: Professional Services Firm



Client Challenges/Issues

- Have a lot of automation demands from the business → not sure where to start
- Legacy core applications not meeting business needs
- Reporting is fragmented with no single source of truth
- Heavy reliance on IT for information
- Have been incubating several of new technologies including data analytics, mobile access and robotic process automation
- Have spent significant internal and external resources experimenting with these technologies with little production results

Key Activities Performed

Built a strategic and tactical level roadmap to achieve the defined target state technology architecture including:


- identified gaps, needs and risks necessary for execution and management
- Identified “art of the possible” related to people, process and automation to support future internal operations and external client services and solutions
- Addressed operating model and infrastructure needed to support the Digital Strategy
- Defined list of initiatives to migrate firm to the new technology platforms
- Provided estimates for costs and level of effort

Results and Benefits

- Established plan to build technology foundation with supporting governance, operating model and applications
- Aligned executive and board around the ‘how’ for the transformation; had already set vision for the ‘what’
- Roadmap structured for growth and speed of execution focusing on growth and efficiency




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Case Study Overview: Industrial Manufacturer



Client Challenges/Issues

- The client headquartered in Japan (North American headquarters in Ohio) is a leading industry manufacturer of elevators, escalators, autowalks, and controls and dispatch systems
- The client wanted to develop a digital transformation strategy that would drive their business strategies including operational efficiencies, improved customer engagement, improve operational visibility and implement Industry 4.0 initiatives.

Key Activities Performed

The client engaged RSM to:

- Perform a digital maturity assessment to evaluate their digital intensity and culture as a baseline for planning their transformation.
- Perform process modelling to identify operational improvements
- Lead analysis to define the target future state processes
- Perform assessment of the application portfolio
- Assess current data model and define data model to improve operational visibility
- Define measures to improve cybersecurity and application security
- Assess infrastructure and define gaps in its ability to support the digital future state
- Assess the organizations ability to support and utilized the defined future state
- Recommend governance structure to manage the transformation
- Create a digital transformation road map to achieve the business vision

Results and Benefits

- Driving IoT into products
- Increased speed to market on product design and production



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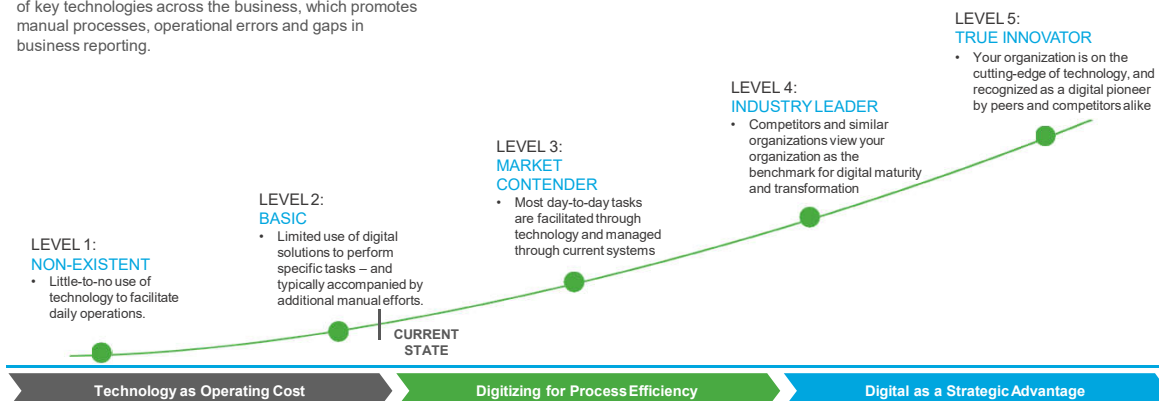


Overall Digital Maturity Rating

Overall Maturity Score: **2.1**

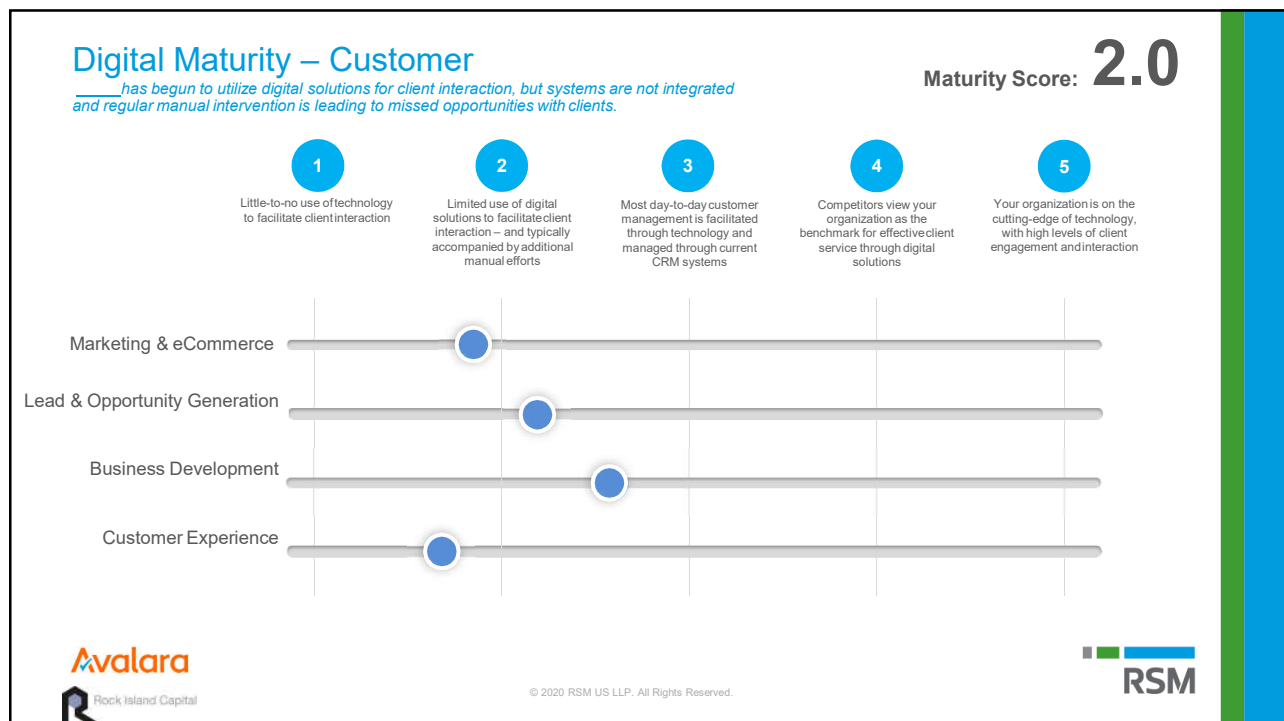
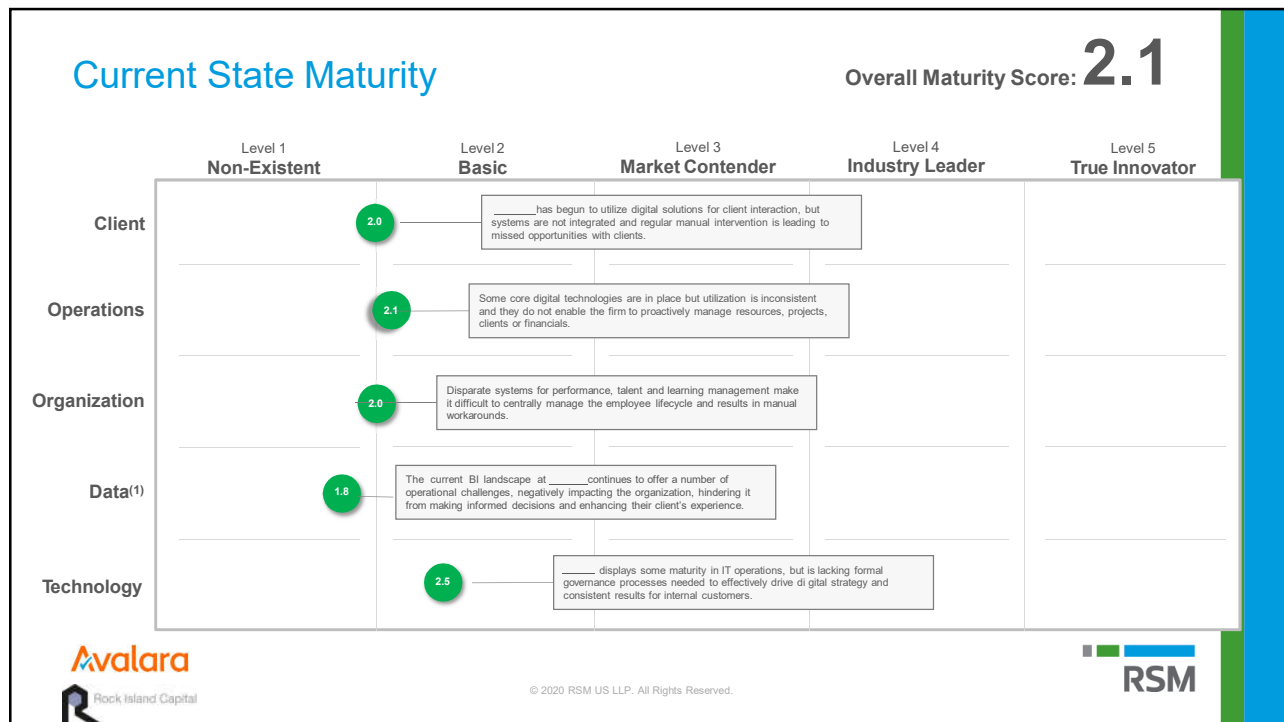
BASIC MATURITY

Based on our assessment, _____ has a **Basic** level of Digital Maturity. This is primarily driven by the limited use of key technologies across the business, which promotes manual processes, operational errors and gaps in business reporting.



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Capability Analysis – Customer

_____ has begun to utilize digital solutions for client interaction, but systems are not integrated and regular manual intervention is leading to missed opportunities with clients.

Maturity Score: **2.0**

Rating	Capability	Enabling Technologies	Observations/Gaps	Analysis
1.8	Marketing & eCommerce	List applications here	<ul style="list-style-type: none"> CRM is inconsistently used across the firm and may have underleveraged capabilities Manual process to generate reports and KPIs (e.g. segment health score) Resources are performing work in marketing, business development, and service development functions Flashpoint Marketing contracted for SEO and SEM Tagging may not be working correctly on the website 	<ul style="list-style-type: none"> Manual processes lead to reactive and task-oriented behavior rather than proactive and strategic planning Limited visibility into all current firm clients and potential opportunities Limited knowledge of marketing performance and ROI (i.e. which channels should increase/decrease investment into) Thought leadership relies on individual effort rather than being supported by an automated platform
2.1	Lead & Opportunity Generation	List applications here	<ul style="list-style-type: none"> Webcast solution not integrated with CRM to load contact information for over 1000 non-client webinar participants Email campaigns are not fully automated Various data sources needed to complete tasks 	<ul style="list-style-type: none"> No centralized and consistent method for managing marketing and sales cycle (marketing -> opportunity -> contract) across lines of business
2.5	Business Development	List applications here	<ul style="list-style-type: none"> Client engagement scores are not easily accessible to client relationship teams Key person risk () – “things fall apart when she’s gone” Large number of unqualified leads in the pipeline and large opportunity pipeline is managed in excel First week of each month is spent compiling data and generating reports 	<ul style="list-style-type: none"> Lack of governance and controls around client pursuit leads to fragmented client and prospect experience Time spent executing manual processes takes away from time that could be spent understanding client needs
1.7	Client Experience	List applications here	<ul style="list-style-type: none"> Reviews of client experience are not being captured A central project management tool is not leveraged for client engagements Limited use of technology to facilitate or prompt client interaction (i.e. text/email alerts) 	<ul style="list-style-type: none"> Unable to track client satisfaction or use data to identify new service opportunities Inconsistent method of project delivery and use of technology with clients, which could lead to varied client experiences



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GETTING STARTED

How to Start, or Jumpstart, your Digital Journey

A Collaborative approach to establish a digital strategy



- Step back and think through your business strategy and vision
- Perform an assessment (Discovery) and identify opportunities (Analysis)
- Update your overall IT Strategy and Roadmap with Digital Projects
- Stop thinking about doing things differently ...
- **And start thinking about doing different things**

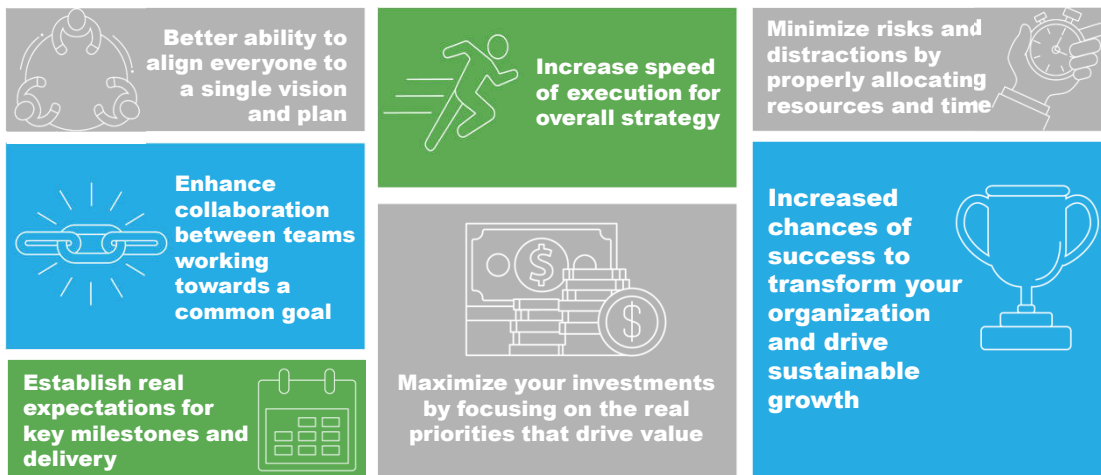
Where you are on your Digital Journey and Culture drives the focus and emphasis



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Key Benefits for a Digital Strategy



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Starting the Conversation with your Clients (what to listen for)



Reduce Costs

- High or **growing** level of **quality defects**
- Pricing and **profitability issues** or challenges?
- **Cost containment**, standard costing or cost management issues?
- **Late charges** / penalties from customers



Technology Challenges

- Information **system is more than 6 years old** and the company has grown substantially
- Multiple divisions on **different ERP systems**
- **System/platform is no longer supported** by the vendor



Improve Processes

- Cumbersome or inefficient processes
- Capacity or throughput constraints (**bottlenecks**)
- Difficulty with shop floor scheduling
- **Inventory issues** - counts, shortages too much, not doing cycle counting
- **Too many people** performing xxx process (e.g. accounting, customer service)



Data-Driven Business Decisions

- Reporting issues - data quality, disparate systems, too many spreadsheets
- Do you have KPI's or a dashboard for managing the business activities. Do you have KPI's in accounting or financials? Sales and operations – on time performance, returns, lead time?
- **Financial statements not** produced in a **timely** manner



Increase Data Accuracy

- **Inventory issues** - counts, shortages too much, not doing cycle counting
- **No single source** of the **truth**
- **Customer/item** number not standardized



Increase Customer Satisfaction

- Poor or **declining on-time delivery** to customers
- Long or **growing lead times** to customers
- **Customer interaction** with your business is primarily via phone or email



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Key Takeaways...

- To succeed in digital transformation and achieve impactful revenue and cost benefits, you need to have an emphasis on the non-technology related aspects
- Now is a great opportunity to ask the hard and complex questions to ensure your technology investments align and advance your Business Strategy/Vision



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