Deloitte.

When playing it safe is not an option
Digital transformation in the
post-pandemic consumer industry

The pandemic has changed the consumer industry, resulting in winners and losers across many sub-sectors. Demand for online groceries is surging and digital entertainment is a must-have, while dine-in and travel have dropped off substantially. These shifts have sparked a rush for digital-transformation initiatives.
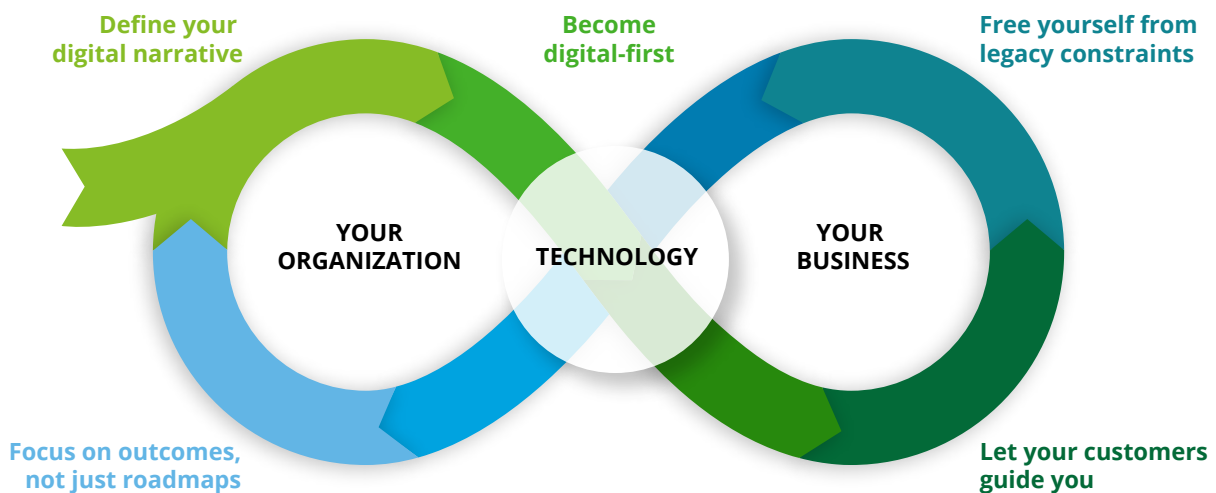
As COVID-19 **amplifies consumers' willingness to shop online**, people are seeking out seamless omnichannel experiences, thus transforming all segments of the consumer industry. Employees, too, are welcoming digital processes that allow them to stay safe while working from home. In the wake of this adaptation, consumer brands must guard against commoditization, and instead **built trust** in their products and services—both physical and digital.

What is digital transformation?

Digital transformation is much more than selling online. It's a process by which you can rethink your business model, blending technology with innovation to build solutions to your challenges. It also helps redirect your organization's culture to focus on outcomes guided by customer needs, all aligned to your vision of how to meet requirements today and beyond.

While the economic downturn has dampened spending, digital uptake has increased dramatically. With consumers embracing digital alternatives for safety and convenience, businesses have ramped up their digital capabilities at record pace. In this uncertain economy, however, some organizations may be tempted to pad their bottom line by scaling back plans for digital transformation, not fully understanding the resulting business implications. A better plan is to double down on this technological evolution and find ways to lead the market.

The digital transformation journey

Define your digital narrative

Become digital-first

Free yourself from legacy constraints

YOUR ORGANIZATION

TECHNOLOGY

YOUR BUSINESS

Focus on outcomes, not just roadmaps

Let your customers guide you

5 key digital transformation actions for today's economy

1. Define your digital narrative

Creating a powerful digital narrative allows corporations to work toward clearly articulated, key performance indicators (KPIs)—especially those that can demonstrate the value to be gained from your digital transformation. It can also bring together the concepts needed to help you focus on your digital strategy—including what *digital* truly means to you.

Digital-strategy workshops are a great tool to help you explore and map out your organization's North Star aspiration statement, thus helping to align business expectations.

They also help you create and build a shared language across key stakeholders, introducing new concepts and increasing a drive toward new outcomes. The result is employees that can be considered a "coalition of the willing."

Client:
A leading transportation and logistics company

Challenge:
The client needed to create a digital and customer experience strategy and high-level plan to enhance their users' experience.

We delivered:
We defined the client's digital vision, building an implementation plan for engaging customers through self-service, and customizing mobile technology to better elevate the customer experience. The digital vision established helped the client align the key stakeholders and rapidly progress through decisions on current and future digital channels.

Before you define your digital-transformation agenda, review and evaluate the technological landscape and industry trends.

2. Become digital-first

Digital-first organizations understand that customer experiences are continually changing. They're adaptable and flexible, and they embrace modern technology and its alternatives.

Given today's dynamic environment, your organization must be designed to constantly and quickly re-evaluate strategies, reorganize and restructure teams, and allow for evolving corporate cultures—and be equipped with the innovative digital technology to do so.

Moreover, to deliver on its digital potential and drive real value for customers, your organization should be structured to maximize and enable teamwork, and to minimize silo mentality. It should empower leaders and reward innovation, risk-taking, and collaboration.

The main rule is "*Digital* touches everything." Digital-first organizations use new technology to improve and automate processes, fostering progress and productivity from top to bottom. This includes streamlining the systems themselves to accelerate speed to market, as well as supplying employees with the tools and conveniences essential to their jobs.

Additionally, digital-first organizations empower their people to think beyond traditional boundaries and hierarchies. They reward experimentation and new ideas and have a high-risk tolerance while staying true to their goals.

By unleashing the potential of your employees and allowing older systems and processes to be cast aside, you can help your organization accelerate past the competition.

Values for a digital-first organization

Customer-obsessed

Simple & transparent structure

Collaborative, flexible & scalable

Always looking for process alternatives

Encourages experimentation & risk-taking

Begin small, with minor changes to organizational structure in order to learn what works and what needs refining; apply updates at a pace the company can sustain.

3. Let your customers guide you

A great customer experience is built on customer insights. Research allows you to uncover clients' unmet needs, motivations, and concerns—all of which can help reveal further business opportunities. It helps organizations focus on building only what will be of benefit and helps prevent them from making changes that can damage the trust between their customers and their brand.

To achieve the greatest impact, everyone in your organization needs to feel a connection with the customer and have a shared sense of responsibility over the customer experience. This keeps decision-making strategies in line with client needs and shows teams the impact their work has on real people. The final result? Better business outcomes.

It's best to start with a Human-Centred Design (HCD) approach, considering the customer experience from end to end. Personas—fictional people created to represent target clients—are used in customer-journey maps to showcase the highs and lows of their interactions with your organization. These and other customer-insight tools should be used to help drive corporate decisions. These tools further allow you to engage with and observe your clients, finding the 'moments that matter' to them in order to solidify your connection.

As your organization becomes more customer-centric, teams can use research to make better decisions throughout the design and build processes, increasing the impact on customers and the business.

Client:
A leading auto manufacturer and seller

Challenge:
The client wanted to empower customers by allowing them access to a modernized online platform, which helped with sales as well as with maintaining the customer relationship throughout the vehicle's life cycle.

We delivered:
We revamped the client's website following a deep dive into the interface's user journey, identifying pain points and optimizing the customer experience, and then transferred everything to a powerful new cloud-based CMS system. We also designed customizable components and created prototypes, which the business could then reuse, future-proofing the build and ensuring their investment today continues to pay dividends into tomorrow.

Don't be afraid to connect with your customers; learning how and why they use your products will give you the richest insights.

4. Free yourself from legacy constraints

The engine that ultimately drives a digital mandate is the underlying technology, custom-fit to your organization.

Legacy systems, however, can limit digitization by being incompatible with new technologies, and by requiring effort-intensive maintenance, increased training, and onboarding costs. Transitioning to a modern, sustainable, and resilient framework will keep your business nimble so that it can respond to rapidly evolving consumer needs. In today's competitive marketplace, it also helps to retain skilled employees interested in emerging technologies.

There are three components to consider when transitioning from a legacy to a modern system:

1. **Modern software architecture:** Based on open-source software and tools, this allows for rapid code development and deployment. For example, micro-services architecture separates large, rigid applications into small, independent ones.

2. **DevOps (development and operations):** This tool represents a cultural shift in digitization, such that creating or modifying infrastructure is akin to software development: With the aid of automation, building, testing, and releasing software can be done frequently and instantaneously. Leveraging the cloud, servers can be created as needed and rolled off just as quickly—in minutes rather than days, from start to finish.

3. **Agile technical delivery:** This portion focuses on coupling agile processes with DevOps and technical solutions to allow for rapid development and deployment of new capabilities.

With application programming interface (API) keys that help control how your system is being used, production-ready DevOps accelerators, and our proven agile delivery methodology, we can help speed up modernization. Almost immediately, you'll benefit from the resulting operational savings, automated testing, and rapid code deployment.

Client:
A leading retailer

Challenge:
The client wanted to modernize various applications, but was facing infrastructure constraints and increasing operational costs. The client also needed to accelerate migration to the cloud.

We delivered:
We recommended an application modernization plan after performing an assessment of over 200 vendors. Then we designed and built the cloud network and infrastructure environment, launching them in both the Azure and GCP provider spaces with the Enterprise IT DevOps tool chain that's currently used company-wide for such cloud deployments. We also modernized applications that use both cloud-native capabilities and managed services to automate aspects of IT support and improve site reliability and resilience, and then deployed these applications to the cloud.

As a result, the client reduced application time to market and improved delivery times. The client also cut server costs via the use of managed cloud services.

Implementing modern architecture lets the business respond quickly to customer needs by allowing for new, rapidly deployed features to digital channels.

5. Focus on outcomes, not just roadmaps

Your roadmap to digitalization is important. But organizations can spend too much time charting their path, when they should simply put things in gear and start driving. Achieve an outcome, then another. By committing to those specific business goals that align with your organization's overall vision and to customer expectations, and then achieving them, your organization is motivated to keep the momentum going.

So when building a roadmap, product teams need to be incentivized to think beyond delivering new features and enhancements against a set timeline, and to centre the conversation around the business problems being tackled and the value being generated. In doing so, it aligns all stakeholders to have focused and unbiased dialogues during the planning and prioritization process. It also adds transparency in the resource allocation process, which is a key friction point for many teams.

Once built, execute your roadmap with rapid yet incremental changes. Through the execution of the roadmap, continue to track the progress on the outcomes and pivot as needed. Incorporating periodic milestones to celebrate progress helps teams stay true to the vision and promotes accountability across the organization.

By keeping your roadmap's outcomes always in sight, measuring progress towards them and—most importantly—achieving them in turn, you generate confidence and buy-in across your organization on your transformation journey.

Outcomes help attribute value to each business goal, allowing for more efficient allocation of resources across your organization.

Summary

How many of these digital-transformation actions are part of your organization's standard operating procedure? *Some* is not enough: all are necessary to succeed in today's world, a world where the pandemic has triggered an economic realignment, where winners and losers are decided on the consumer's whim. If you haven't yet incorporated all five measures, how long can your business afford to wait? The time for digitization is now; playing it safe is no longer an option.

Endnotes

1. https://www2.deloitte.com/global/en/insights/industry/retail-distribution/consumer-behavior-trends-state-of-the-consumer-tracker.html

2. https://www.deloittedigital.com/content/dam/deloittedigital/us/documents/offerings/offering-20200706-hub-trust-hx.pdf

Contacts:

Fawad Baig
fbaig@deloitte.ca

Jennifer Lee
jenniferjylee@deloitte.ca

Francis Joseph
fjoseph@deloitte.ca

Authors:
Fawad Baig, Francis Joseph, Jennifer Lee,
Gord Henning, Sam Novak

Acknowledgements:
Rick Tan, Alison Weyland, Tim Hopkins, Samantha Jones,
Gordon Sandford, Ayush Vaidya, Abrar Ullah, Lisette Viola

www.deloitte.ca