

January 2023

# Digital Transformation Value Management

How to succeed in specific Digital Transformation

**Deloitte.**  
Digital



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# Discovering Opportunities



**On average, large IT projects run 45%<sup>1</sup> over budget and 7% over time, while delivering 56% less value than predicted, creating a Digital Debt**

**By 2025, 80%<sup>2</sup> of companies will adopt new frameworks and standards to close the gap**

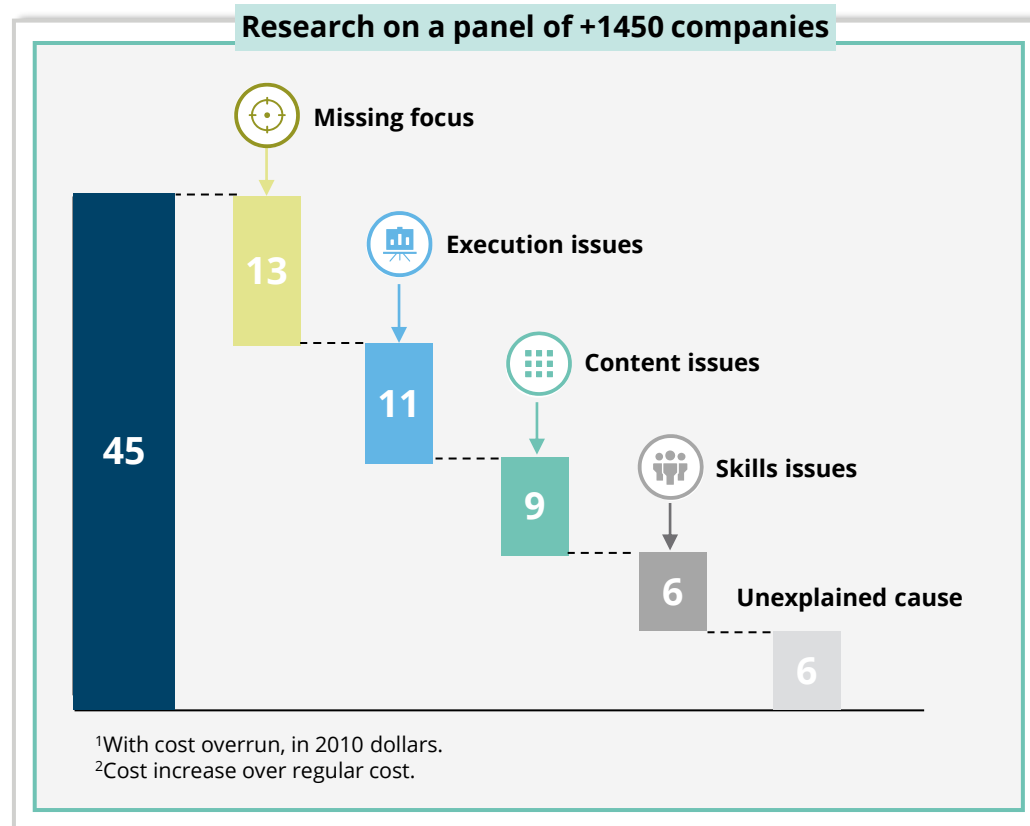
**Companies are currently running at 30%<sup>2</sup> of this adoption**

# The Digital Debt

Large Digital efforts often cost much more than planned; some can put the whole organization into distress. The companies that defy these chance are the ones that master key dimensions that align Business, Digital and IT value

-  **# Projects:** 5.400
-  **Initial spending:** 44 Bn €
-  **Final spending:** 81 Bn €

**45% of «Digital debt», plus 18% of schedule overrun\***



Analyzing the 4 causes, it results that **Digital Debt** is created by the **difference** between the **strategic project's initial planning** and what actually **happens in reality**

# The Digital Debt – Focus & Execution

When companies start a large Digitalization transformation program are usually sure to have the right focus and an optimal execution plan to guarantee delivery. But reality is usually quite different



## MISSING FOCUS

**30% impact on Debt**

**PLANNED**

vs

**REALITY\***

- **Clear objectives:** Avg. of 3 strategic initiatives per FY with about 10-15 mio € budget\* defined in business plan, engaging key people from step 1

- **Unclear objectives:** For each strategic initiatives up 7-10 mio€ there are 7 minor from 1 to 3 mio €\*, therefore budget needs to be revised and key people remain the same

- **Business Focus:** strong focus on strategic initiatives on Digitalization and Cost Reduction

- **Lack of Business Focus:** during the year there's a focus switch on tactical commercial objectives (traditional business as usual) to reach budget



## EXECUTION ISSUES

**25% impact on Debt**

**PLANNED**

vs

**REALITY\***

- **Clear prioritization of activities:** inclusive activity plan, realistic in terms of resources/timing

- **Unrealistic schedule:** Plan change in the 43% of projects

- **Optimization of surplus capacity:** facilitation of «job rotation plan» and promptness in responding to rapid changes/requests

- **Static planning:** regulatory initiatives and “Business as usual” burn +38% of capacity and strategic initiatives plans are affected by this replanning

# The Digital Debt – Content & Skills

Moreover, at the beginning of a Transformation project it is mistakenly thought that the conceived contents are feasible and easily supported by resources available internally or easily accessible from the market



## CONTENT ISSUES

### 20% impact on Debt

PLANNED

vs

REALITY\*

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• <b>Clear Requirements and IT solution well planned:</b> Business clearly knows objectives and needs and IT pre-analyzed implementation complexity, both working in synergy</li></ul> | <ul style="list-style-type: none"><li>▪ <b>Shifting requirements and Technical complexity:</b> 72% of projects starts without a strong feasibility study, 86% replicate old solutions and 92% doesn't define a «Value tree» as a common Business/IT starting point</li></ul> |
|--|--|



## SKILL ISSUES

### 13% impact on Debt

PLANNED

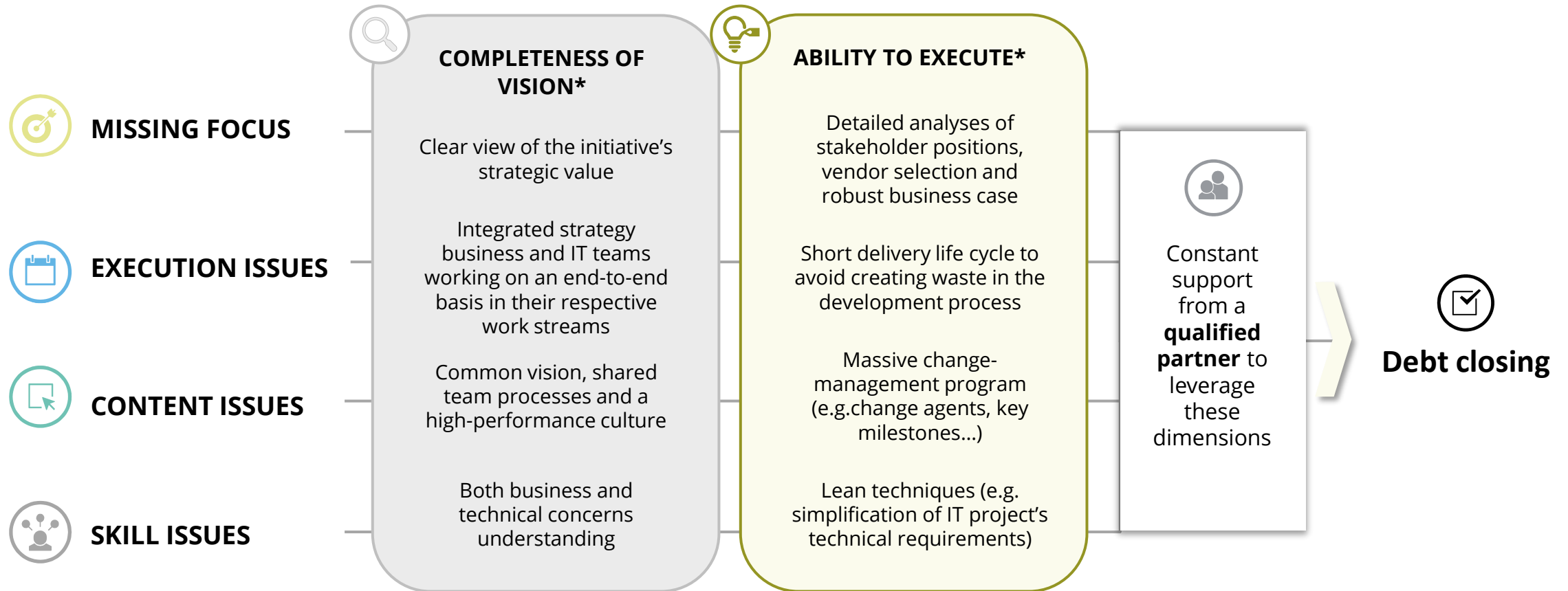
vs

REALITY\*

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>▪ <b>Right skill mix:</b> Acquisition of skilled people and implementation of learning courses to re-skill existing teams</li></ul> | <ul style="list-style-type: none"><li>▪ <b>Lack of skills:</b> Hiring covers avg. 25% of needed competences and re-skilling courses need to last min. 3 years to be strongly effective</li></ul> |
| <ul style="list-style-type: none"><li>▪ <b>Attractiveness:</b> companies work to hire and onboard the best talents</li></ul>  | <ul style="list-style-type: none"><li>▪ <b>Lack of attractiveness:</b> 32% of companies aren't attractive</li></ul>  |

# The Digital Debt – Assuring Completeness of Vision and Ability to Execute

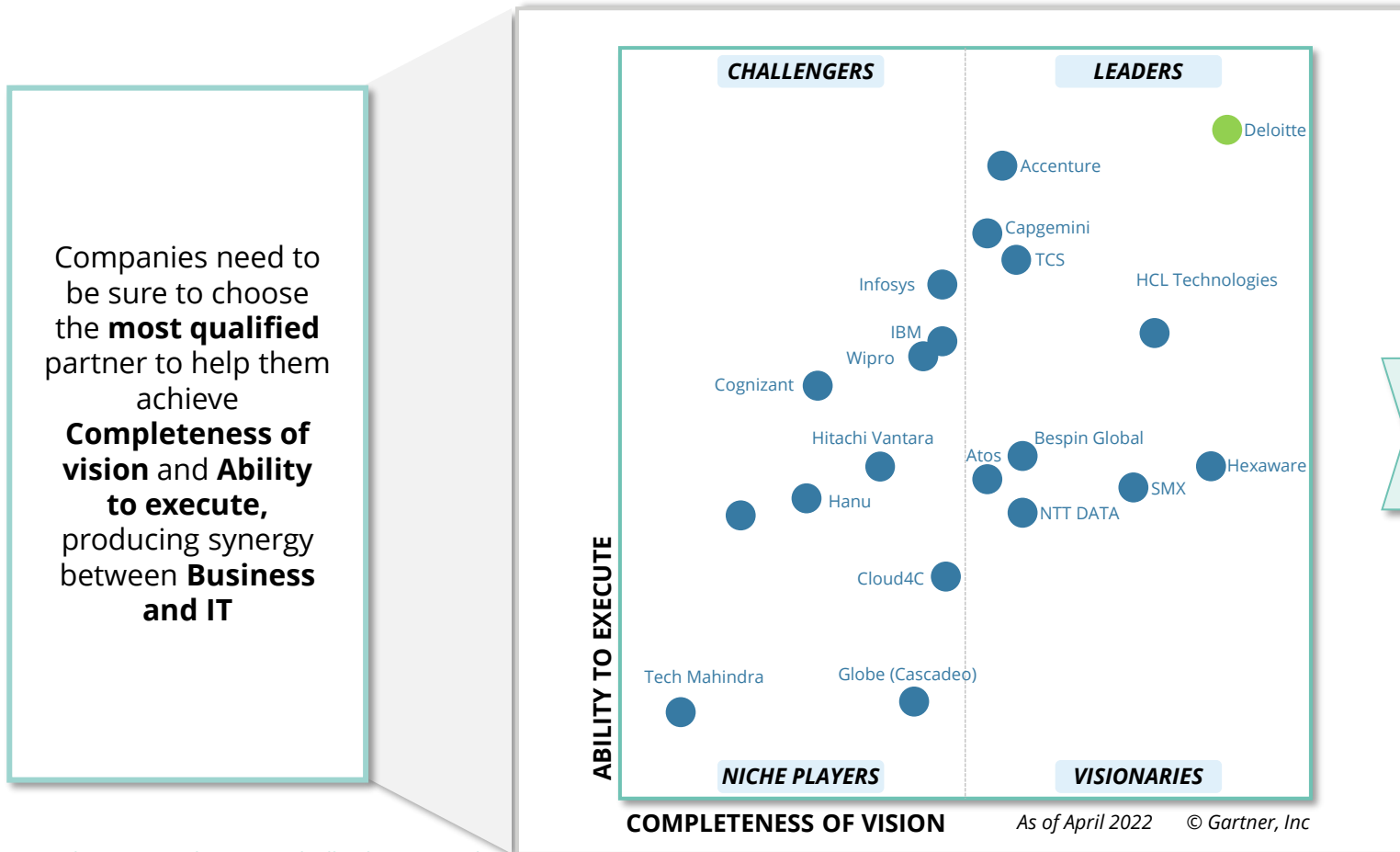
In order to achieve the reduction of Digital Debt through the given directives, a synergic work on the 4 pillars is required and can be reached at best if the company is able to establish completeness of vision and ability to execute





# The Digital Debt – Identifying Leaders to close the Debt

By leveraging Transformation capabilities with the highest recognized completeness of vision and ability to execute, Deloitte is classified as Leader compared to main players operating in the same field

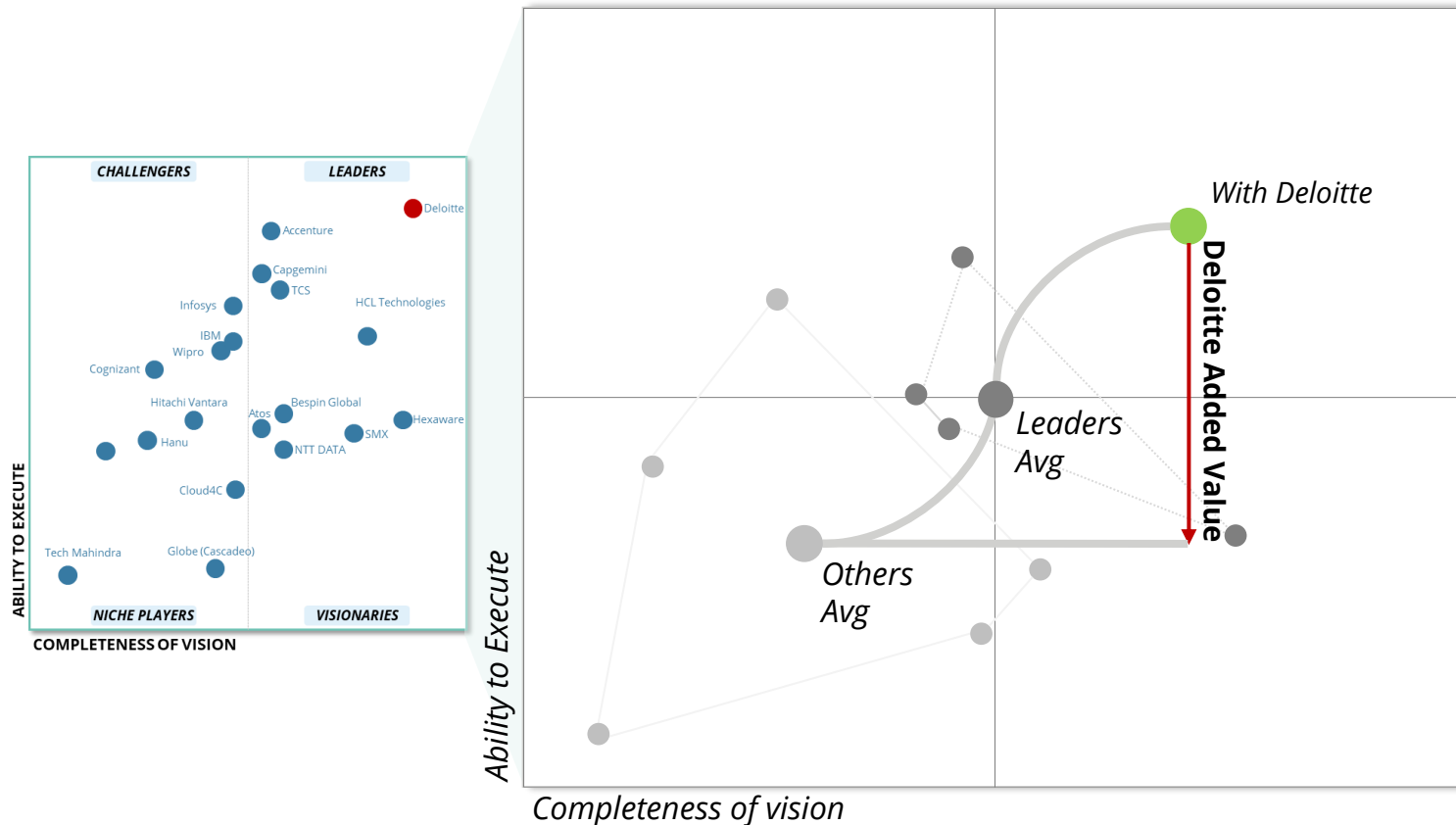


According to a Gartner research showing the assessment of the **20 main players** providing Transformation services, **Deloitte ranks 1st**, as the **leader** and **most qualified partner** in managing **Transformation Projects** both for completeness of vision and ability to execute

# The Digital Debt – What makes Deloitte the strongest Leader

Deloitte's ability to face Transformation projects is sustained by a consolidated distinctive Human Centered Approach, blending human and business in a powerful combination that allows closing Debt through the most inclusive vision and execution

Deloitte leading proposition grounded in...



## Human centered vision

Our distinctive Transformation projects delivery framework



## Proven ability to execute Transformation

Clients' Transformation projects success stories

# Our Approach

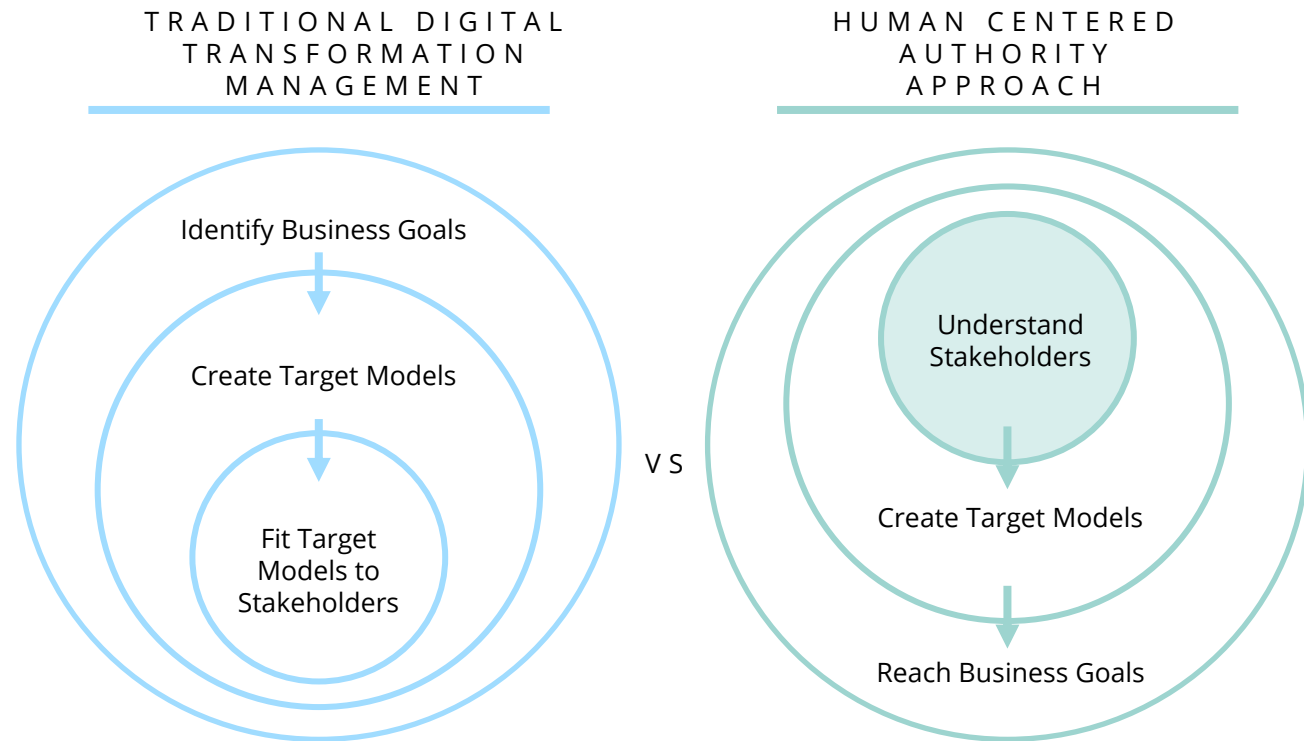
# Our purpose is to put people at the center of our solutions

Digital Transformation Value Management is the combination of client centric view, vision, strategic transformation experience to organize all the activities and provide all duties in complex Digital Transformation Programs

In complex transformation programs an 'old style' Transformation Management approach is **not enough**.

Our clients need a **Partner** able to provide **industry expertise** and ensure results that **create value** both for business and for the customers.

For this reason our **distinctive proposition** leverages on the «Human Centered Authority», a workgroup with the mission to **manage changes blending together strategy, design and implementation**. It puts people at the center of a solution, taking into account their complex behaviors, mental models, and needs.



# Human centered transformation pillars | Overview

We help organizations to quickly achieve their digital ambitions through integrated components which can fit both large transformation and small challenging projects

## SET HUMAN CENTERED AMBITIONS

Support clients with **workshops**, benchmark and best practices guiding them towards **visioning business opportunities**

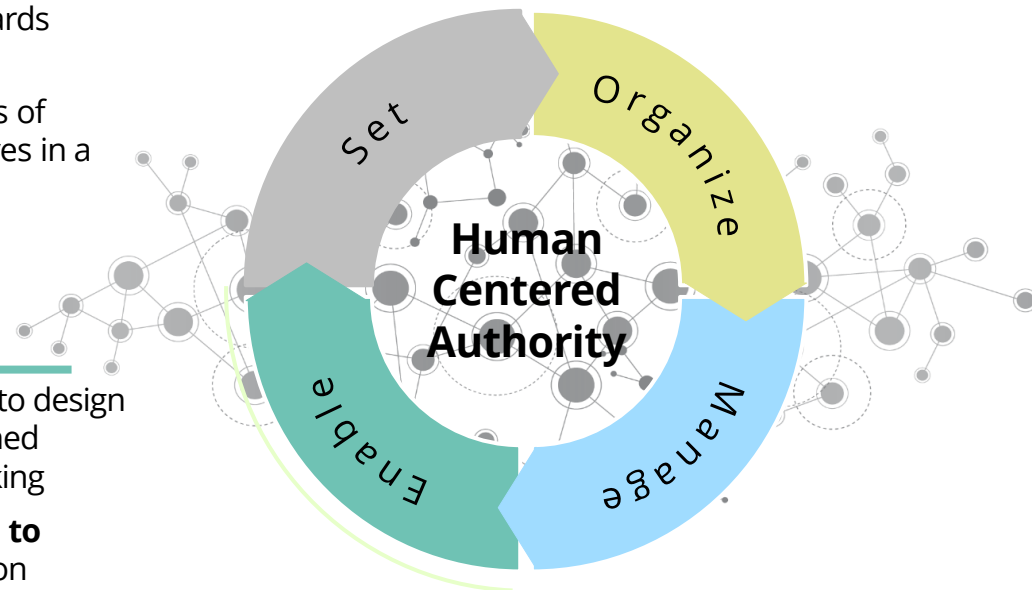
Set **scope** focusing on success factors of transformation, and prioritize initiatives in a **roadmap**

## ENABLE ACTIVATION

Establish a **governance framework** to design involved process, responding to defined principles, and facilitate decision making

Manage all the activities **from design to delivery** and go-live in term of solution

Monitor the value **generated by the platform** and ensure continuous improvement through a **structured governance**<sup>1</sup>



## ORGANIZE TRANSFORMATION

Define and establish a **centralized design unit** in order to embrace an HCDA culture and exploit the platform benefits

Ensure a deep knowledge about project **methodology** from all the stakeholders involved

Introduce a **strategic work plan** and **empower resources allocation** enforcing competences synergies and commitment

## MANAGE THE TRANSFORMATION

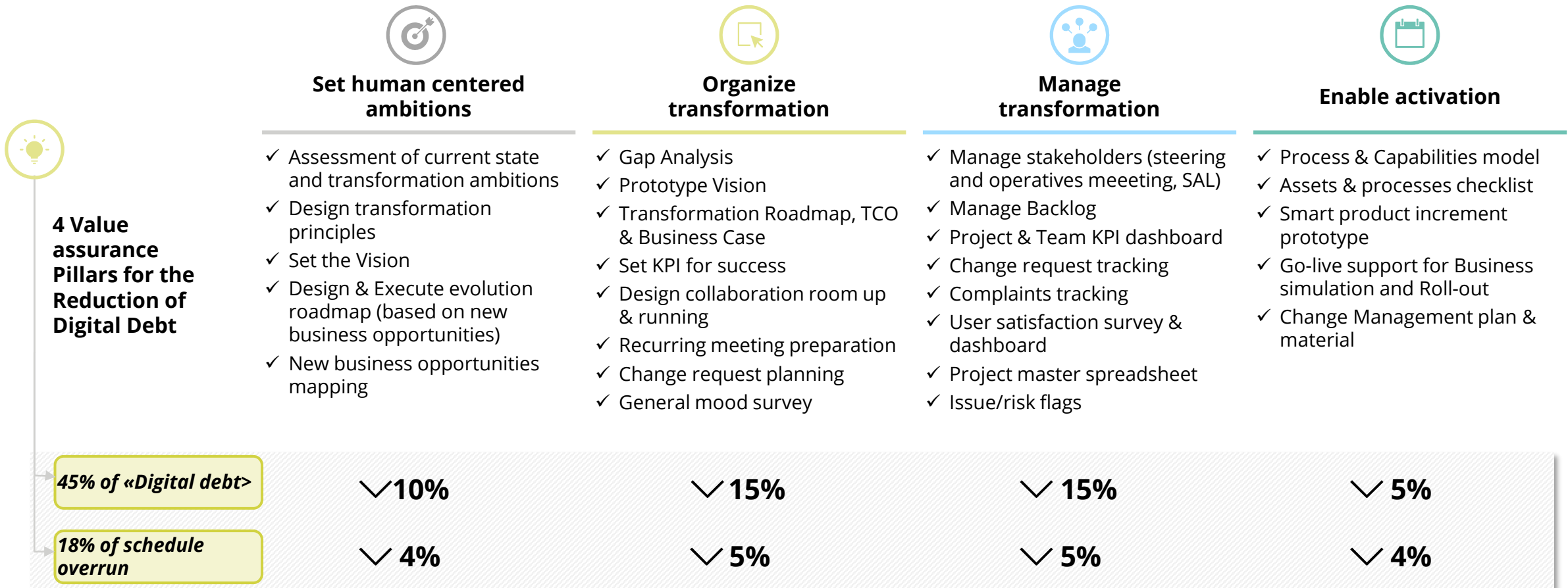
Set different **KPI** based on activities plan, expected project results and platform target benefits

Plan and manage recurring updates on **project status** with all the key stakeholders involved in the project

Support client to **ensure alignment** to people, process and technology design principles and directions, to determine performance

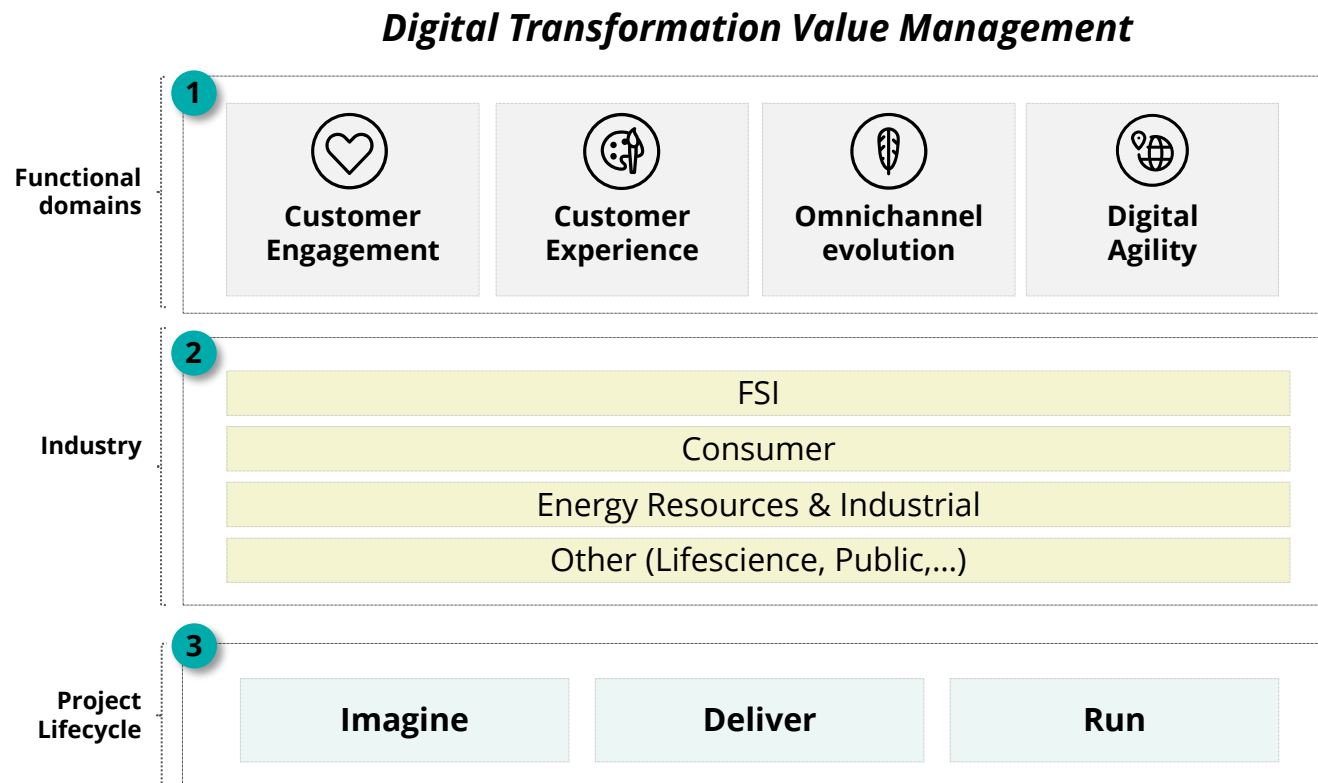
# Human centered transformation pillars | How to close the debt

We manage Transformation projects and reduce Digital Debt by implementing solid activities for the 4 main Pillars proposed, which support C-suite to lead strategic initiatives and extract value from projects



# Domain of application

DTVM is applicable in Digital transformation initiatives, following 5 main functional domain, across industries and with different ways of application depending by the type of client (B2B and B2C)



- 1 DTVM helps companies to lead transformation initiatives in **4 main functional domains**:
  - Customer Engagement
  - Customer Experience
  - Omnichannel evolution
  - Digital Agility
  
- 2 **Industries** asks **DTVM** to **define specific** activities to address complex initiatives based on **processes** and **Operating Model**
  
- 3 Project lifecycle activities could be **standardize** with a **common framework**, with specific **«plug-in»** on **functional domain, industry** and **type of client**

# Our transformations Functional Domains

We are at the forefront of transformation projects by offering specialized support in key activities belonging to 4 functional domains, fundamental in the current human-centered digital context



## Customer Engagement

- **Sales, Service & Marketing evolution initiatives**
- Complex **platform based transformation** projects (e.g. Salesforce, Adobe)
- **Support to CoE** set-up to support **Customer Engagement** project
- **Set-up & Monitoring of Business readiness** initiatives to support **adoption**



## Customer Experience

- Support to TOM implementation to create **«Customer Centric Companies»**
- **Go-to-market** of new **products & services** (e.g. check-list, organizational structure,...)
- New **Customer experience processes & tools** (e.g. app, website)



## Omnichannel Evolution

- **Unified Commerce experiences** transformation initiatives for **aquisition & conversion**
- **Contact Center transformation & new channels** adoption (e.g. Chatbot)
- Shift on **Metaverse** powered by large and complex corporation



## Digital Agility

- Support in **Foundry set-up** with the aim to **reduce internal costs** leveraging on Deloitte Digital Foundry
- **Operational support** to new structures (Operate) in the **running phase** to evolve digital transformation initiatives in the other functional domains



## Offering Leader



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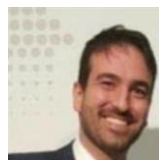


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