



The Deloitte On Cloud Podcast

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Title: Digital transformation: Key elements for a successful journey

Description: Digital transformation is absolutely necessary for most organizations, but it's also probably the most challenging journey many of them will ever undertake. In this episode, David Linthicum talks with author Thomas Erl about some key elements and strategies that are critical to a successful journey. For Thomas, success results from good leadership that intuits the right pace for transformation, understanding the customer, making data-driven decisions, and continually communicating.

Duration: 00:26:09

David Linthicum:

Welcome back to the OnCloud podcast. Today on the show I'm joined by Thomas Erl with Transformative Digital Solutions and Arcitura Education, OnCloud repeat guest. I think this is the second time on. Thomas, welcome back to the show.

Thomas Erl:

Thanks so much, David. Great to be here again.

David Linthicum:

Well, it's funny, it's like people asked about you after your last appearance, and one of the things that they wanted to know is they know you wrote a lot of books, but what have you been focusing on in your career, talk about your last book, and what's really kind of the theme of all of your writing and speaking and podcasting and YouTube video content creating that you've been doing?

Thomas Erl:

There's been a lot that's happened since we last spoke, David. Since the last book on digital transformation that came out, now working on another book that should be out later this year focused more on cloud computing, and started up the YouTube channel, which was a lot of fun. Produced some really neat videos, I think, which incorporated a lot of animation, kept it concise and to the point, and had good feedback so far but would appreciate any further feedback or comments from those that may still discover it.

And in conjunction with that, also started up the Real Digital Transformation podcast series, and what I do is I record these podcasts. I interview industry experts in the digital transformation, cloud computing industries as well as other fields of practice, and we publish those via the Digital Enterprise LinkedIn newsletter, but also we republished them on the YouTube channel as well, try to do more on-camera podcasts these days to keep it a bit more interesting, and yeah, it's been fun putting all this together and cross-leveraging some of the content and now looking ahead just to building upon that.

David Linthicum:

So, what's the name of the YouTube channel?

Thomas Erl:

It's the Thomas Erl—it's my name, and the handle that I was given is @terl.

David Linthicum:

So, like and subscribe and turn on alerts as well on that stuff. I do, and he's got some great information out there, a great free education that Thomas is providing. And what about the podcast? What's the name of it?

Thomas Erl:

It's the Real Digital Transformation podcast series. Been up now for a few weeks. We've published a bunch of episodes. It's on Spotify, Google Podcasts, Apple Podcasts, and then also we put them up on YouTube as well. So, it's been good. It seems to reach different segments of the audience via the different platforms and mediums, and I've learned a lot just being part of this process as to how all this is crossover and leveraged, and I'm trying to become a bit more media proficient myself with all of this.

David Linthicum:

I think you're succeeding. I think just in the last year, just the year profile has risen in the minds of lots of folks, and, so—and that's because you have some very intelligent things to say and some great guidance in terms of how you make this digital transformation stuff and cloud computing and utilization of technology actually bring back value to the business. And kind of that's what we're going to talk about today. We're going to talk about the risks and challenges of carrying out digital transformations, and one of the things that's most interesting to me—so we did the Future of Cloud survey last year just kind of looking at what people are doing with cloud, who's successful and who's not successful.

And, one of the things that was surprising to me that came back from the survey that Deloitte did was the fact is that we could have basically 100 different companies and all kinds of different perspectives, different verticals, things like that, and say half of them were successful, half of them were a little less than successful and things like that, but ultimately they were spending the same amount of money and basically trying to get to the same objectives.

Some of them were able to get there, knocked it out of the park successful, some of them not, and it seemed like we found out that the key differentiator in there was kind of the innovative and creative leadership in the teams. In other words, the teams that took risks understand how to do things went ahead and struck out and got things done, were successful. Those that kind of held back kind of moved at more incremental steps and baby steps, for example, weren't as successful. So, as people are doing their digital transformation within the enterprise, ultimately there's a ton of risks that come up. The fact is you may put resources in place that don't return benefits back to the business and even risks of failure and things like that, but what's your take on the risks and challenges of digital transformation that enterprises are seeing today?

Thomas Erl:

That's a really good topic to discuss these days. It was the topic of the last video I produced for the YouTube channel as well, and what you just mentioned about your survey results, it really does carry over both into the cloud computing and digital transformation realms. There are specific risks and pitfalls and challenges that those types of initiatives face. They're common. They're well-known now so that we can prepare for them, and I'm happy to go through them, but what you just mentioned about the timing of it, the pace at which you go, I think a lot of that ties back to the quality of leadership behind these initiatives because there may be best practices as to how you allow a digital transformation, how you should maybe sometimes take baby steps to ensure that you don't go down the wrong path or you don't do too much too soon.

At the same time, different markets are evolving at different rates, and some are evolving very aggressively. And if you're too slow, if you're too far behind, your competitors will simply outperform you too fast. And I think that ties into the leadership not just understanding the markets but also understanding what the digital transformation is about, having a more in-depth level of understanding as to all of the changes that will result from it and how to prioritize

the different milestones, the different feature sets, the different enhancements that you're planning so that you can coordinate that with how the market itself is changing.

So, there needs to be less of a reliance by leaders on the technical experts to educate them about what will change, what the enhancements are about, the technology behind it. There needs to be a deeper level of understanding of how those all will exist once you are digitally transformed, and with that understanding at the start or during the initial stages of these types of initiatives, you then have the ability to better roll out, to better address decision points as to how and when certain things should be released, whereas others may not be, the timing may not be right, or perhaps baby steps are warranted in some cases to take advantage of any openings you have in the marketplace, of any opportunities you have to outperform competitors, and to just keep pace with what's going on in that market.

And, so, following best practices is a good starting point, but marrying that knowledge with your knowledge of the industry that you're in, of the marketplace that you work and do your line of business within, that's key because that then avoids failures resulting from the market outperforming you. So, again, as you mentioned, it ties back not just into strong leadership but digitally intelligent leadership and understanding of how—where you are heading toward, the target state that you want to achieve, but also the pace at which you want to progress toward that.

David Linthicum:

What you said was very profound in the fact that—and I see this as well—this is not about just replicating best practices that you're reading in an article, even reading in a book, but this is about understanding where the target state where you need to go, and if you don't have that, you're not going to be successful and you're running a higher level risk. In other words, throwing tools and procedures and processes and those sorts of things at the problem without having an understanding of what you're looking to do and what your digital transformation means in terms of its ability to become a force multiplier for the business is everything. And I think that was core. That's what people are missing these days. They're not connecting utilization of technology—and I always tell my clients I can solve any problem with any technology. That's easy. But the ability to kind of get the business to adapt to and to leverage the technology in some way that's going to be more productive is where the challenge occurs. Am I missing something?

Thomas Erl:

Absolutely. And then also factoring into that, the recipients of all these enhancements, your customer base. Much of what's happening now in the digital transformation space is focused on improving customer centricity, improving customer experience, improving customer journeys. And sometimes those improvements are rolled out too slowly. We're too careful, we roll it out gradually while competitors are doing more proactive and more exciting enhancements that might be luring our customers away. But in other times, we're too overambitious. We might over-automate certain features. We might roll out these types of enhancements too aggressively, and then we end up giving our customer base all of these changes that we are simply not ready for, and that could also put them off and perhaps make them want to go somewhere else where their experience is more familiar.

So, it's a real balancing act, and it's something where we rely upon the data intelligence that we collect now and that we continue to collect not just about how we do operations internally but what is our customer base all about. Who are they? What are their trends and preferences? Where is that audience going? What are the new types of audiences and customer bases we want to reach? And just getting as much information about that into our decision-making process as possible so that we can gauge the best rate at which we improve our customer experiences without inadvertently causing problems with those customer experiences.

David Linthicum:

So, I'm hearing you say is we work from the destination or what we're trying to do for the customers and how we're going to automate something back to the technology, not from the technology to the customer. That's kind of the wrong way to do it. Or maybe it's considering both, looking at where the customer experiences need to be and how we need to digitally enable the customer interactions and then looking at the profile of the technologies that's going to allow that to happen. So, you mentioned finding a balance. How do you find a balance if you're an enterprise moving to digital transformation and you're concerned about bringing in too much risk in this environment and not doing it well the first time?

Thomas Erl:

Well, you need to rely on the quality of data intelligence you have to work with, so that balance comes from an intimate level of understanding of who your customers have been so far, who has brought you to where you are now, and how is that customer base itself changing and evolving because our customers change as markets change: new products, new dynamics, new interests, new trends. Our customer base evolves independently from us. Perhaps we influence it to some extent, but we also have to respect the fact that that customer base that we've been relying upon may have new needs, new preferences, and may be reacting to new trends overall. So, understanding that, that's something that we have to have a full grasp of, which I think a lot of organizations don't. I think a lot of organizations understand we give this to the customer, they are happy purchasing it, and that's a reliable way to proceed. But once we enter digital markets, once we broaden our horizons and enter that market space along with other competitors who've already done all this research, we realize that we can't rely fully upon how things have been.

There are many more dynamics that we take into account because our competitors are doing so as well. And that understanding—the better you understand that customer base and where it's moving or where it's not moving to so we don't make assumptions. We rely on cold, hard facts as to what's happening now, what happened last week, what we think will happen next week. We can adjust our line of business accordingly, or we can choose not to if it's not warranted, but it is something that I think a lot of organizations hesitate to tackle because they're simply not accustomed to being that closely connected with what's happening in the outside world. And in the digital marketplaces that organizations are now entering, especially if your organization itself wants to become more of a disrupting force and enter new markets that may be open to them now because they've become digitally enabled, they've undergone a digital transformation, and they have many more capabilities they want to leverage in those new marketplaces, to be successful with that, as you just said, requires more than efficient technology.

You can be totally equipped with all the latest technology, the best automation, but if you don't actually design that to accommodate your customer base and the direction it's going, then the probabilities of failure will continue to increase. So, it's a balancing act but it's also a commitment to data intelligence.

Data intelligence has to be continually gathered, collected, updated, and data intelligence has to be understood by leadership. Leaders can't be given comprehensive reports of what's happening and then ask others what does this actually mean, and then have others give them some superficial answer saying it probably means this, it probably means that, and they go, okay, well then let's do this. Leaders themselves need to be able to take that data intelligence, fully understand it, and have that influence their decision making.

David Linthicum:

So, the more data intelligence we have going on and the more we understand what the information means, the lower the risk is going to be for digital transformation. Is that what you're saying?

Thomas Erl:

The more quality data intelligence because one of the top risks that I think many of us are realizing because of the whole chat GPT AI initiatives that have been happening, you can have data intelligence, but it can be good or bad. The manner in which you train your data science systems to perform whatever analysis they're performing or perhaps even to perform whatever autonomous decision-making responsibilities you give them, the information that you feed them, the information that's collected that produces that ability to create data intelligence, that needs the greatest amount of attention to make sure that it's as pure and relevant and appropriate for whatever the data intelligence is intended for, whether it's simply giving an executive report to management or data intelligence that's fed back into automation systems that they may use for conditional logic processing, or for data intelligence that you might be feeding back to an AI to carry out its own autonomous decision making. Bad data, data bias, flawed data, inaccurate data, all of those factors can—if they're not caught, if they're not filtered, if they're not something that there's an awareness of, then that'll influence the quality of data intelligence. And if it's low-quality data intelligence, we can't expect high-quality results.

David Linthicum:

So, is understanding the data more art than science?

Thomas Erl:

I think it's definitely a combination of the two. It's certainly—data science itself is an art. That's how I would put it.

David Linthicum:

Yeah, it is. It is. And it comes back to different kind of experiences moving forward and even kind of even decoupled from the AI analysis of data that we see today and the potential there. Ultimately, it comes down to human beings kind of understanding the data and having intrinsic understanding as to what it means directly to the business. So, let's get into the human aspect of this: culture, people, experiences. Like you said, in the survey that we found this basically came down to lots of people stuff, and what you seem to be saying here is you need people around who have a culture and understanding and skill set to make use of this technology well. And maybe that goes without saying, but I don't think enterprises really kind of understand that at this point.

They still focus on tools and technology, not as much the fact they have to build a culture for digital transformation success, to your point, understanding the data, understanding what things mean and then bringing those things back into the technology solution, not being afraid to try new things, not being afraid to say, hey, this failed and that's okay. We're going to go ahead and start again and see if we succeed. If we fail again, try again. So, are we getting to those cultures where digital transformation is going to be a fairly easy thing to achieve?

Thomas Erl:

I hope so. I think there's still a lot of challenges ahead of that. Many organizations, their structures are set in their ways, but as you said, it really comes down to understanding the data. I think it also comes down to the culture, to the organization, establishing a respect for the data. So, there's the role a data-centric organization will rely upon data in many ways, as we've already mentioned, but from a cultural perspective within the organization, the leadership needs to bring it to a point where there's an acceptance of the fact that more reliance will be placed upon data, more decisions, more judgements will be based upon better quality data. So, there needs to be a respect for data all around. It's not just data; it's intelligence. It's insights that we understand have come from highly-sophisticated analysis, processes that tell us more than we ever thought we knew and make us discover things we never knew about before. And once you respect that and once you approach it that way, then you really view that newly found data intelligence as valuable corporate assets that need to then be fostered over time and become part of the overall organization value that you're growing.

And, so, there's the data centric aspect but also there are cultural issues revolving around the increased automation that comes with successful digital transformation initiatives. We have better improved technology that we can now use to carry out our business operations faster, more cost-effectively, and that will have a human impact. And we want that human impact to be positive, and that's something that has to be planned from the beginning so that we foresee, we anticipate how this transition toward increased automation will impact people's jobs, will impact how people—how our staff, our teams exist now, and how we can leverage that to not only improve our business, but to improve the work experience for our teams because organizations that approach this the right way look at those opportunities to enhance the roles of humans as opposed to discharging them. And I think that's a very important part of achieving a successful digital organizational culture.

David Linthicum:

Well put. So, what is the journey of understanding that we should be taking right now? Obviously, reading your book and looking at your YouTube channel and reading articles and kind of understanding different aspects about digital transformation are kind of the bare minimum that folks need to do, but if you're an enterprise, how do you start your staff and start your culture on the journey of understanding what the basics are and what the critical factors are into making this successful and reducing the risk and addressing the challenges?

Thomas Erl:

I think that it all begins with communication. Not just communication about, look, we want to make all of this better, we want to become more profitable, but communication about the inevitability of all this. The worldwide most markets are evolving in this way, and not keeping up with it will lead to bad things from any organizations. Sticking your head in the sand and saying, "You know what, we've been fine so far, I'm sure we'll continue to be fine," is poor

leadership from any organizations right now because it'll just lead to what that organization does being superseded by what their competitors are doing now. So, instilling that understanding of the inevitability of this transformation that is not just affecting the organization but that is affecting industries worldwide I think is the first step because then there's a common understanding among your organization staff that this is not just about increasing profits; it's about survival, it's about staying relevant, it's about maintaining who we are and how far we've come, maintaining our position in the industry, perhaps growing it, but not going backwards.

So, once that understanding is there, once that sinks in, then that's a healthy starting point for all the other details that come about these transformations. So, all of the other changes, look, we're not going to do our decision making this way, we're going to actually rely on this AI output that'll influence this and that. All those other things are details, but if they're all viewed within the context of what I just mentioned, that the organization needs to do this because the rest of the world is already doing so, then I think that's the best starting point.

David Linthicum:

Yeah, I think we're going to have a big shift in the industry moving forward with the industries, as you mentioned earlier, who don't get onboard with this are doing it in half-baked attempts aren't really going to solve the issue. They're not going to set their companies up to being what people expect in terms of dealing with a digital company, and I think we're seeing some aspects of this right now where some companies are falling by the wayside and falling behind because they don't have the proper digital transformation in place, they're not enhancing the customer experiences, they're not enhancing their product quality, and the customers, the people who pay for this stuff and buy their goods and services are starting to notice. And it's going to take a few more years of that and they're going to fall back, not necessarily go out of business but end up being acquired by the companies who do get it and do get digital transformation and kind of understanding this is a basis of success for 2025 moving forward.

Thomas Erl:

I think that's just the reality of it, and we have to face it, and we have to embrace it. And everything is there for us to do so. All of the tools and technologies and practices, they've matured, they're ready, organizations are already successfully putting them in place and building new solutions and operating those solutions. And, so, I think it's just a matter of rolling up your sleeves and digging into it.

David Linthicum:

Let me tell you this is probably the most important lesson I think we can learn right now—that we have to put change underway and the ability to accommodate our business and get to a state where the business is going to in a digital way meet the needs of the customer moving forward, where we're going to have automation but basically is a means to allow human beings to be good at the business and how customers to be good at leveraging the business. Absolutely an imperative for everybody to get this right. So, where can we follow you on LinkedIn and Twitter?

Thomas Erl:

LinkedIn, Thomas Erl. And Twitter I believe right now we post mostly through Arcitura, any posts we put out there, and also on Facebook, but primarily LinkedIn is the main platform that I use to communicate with the community I connect to, and now increasingly also via YouTube.

David Linthicum:

Make sure to follow Thomas because he's got a lot of great ideas and innovative ideas and also really, as you listened to in this podcast, pragmatic understanding in how to be successful with this stuff, and I think that's something that's missing. People have a tendency to look too much at the technology phase and too much at the human phase and too much at the culture phase, and really it's everything in-between. Your ability to leverage technology as technology should be leveraged, as a force multiplier, but doing so not just with different kind of solutions out there but the ability to kind of aim and target the solutions that you need by understanding your data, understanding your business, and how all this stuff makes your business work and how your customers are going to interact with your business moving forward. It could not be more important.

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