

DIGITAL TRANSFORMATION

FREQUENTLY ASKED QUESTIONS

Digital Transformation is one of the fastest growing terms across all organizations and industries. The Schneider Downs Digital Transformation group has prepared a listing of Frequently Asked Questions to help those interested better understand what Digital Transformation is, how the process works, tangible benefits of the solution and more.

What is Digital Transformation?

Schneider Downs defines Digital Transformation as the use of technological innovations and business expertise to develop strategic transformative solutions that drive business process improvement for organizations of all sizes. We believe Digital Transformation involves evaluating the purpose, efficiency and effectiveness of processes, reimagining how processes should work and identifying and leveraging technology to execute upon the reimagined process.

Why is Digital Transformation important?

More than ever before, businesses today are in need of timely, accurate, and meaningful data. Shortcomings in existing processes and technologies result in issues such as data integrity, timeliness, and completeness of information that business operations need to make informed business decisions. Combined with the increasingly digital world and dependency on data, the importance of Digital Transformation will continue to grow.

What are the benefits and obstacles of Digital Transformation?

Some of the key benefits of digital transformation include:

- » **Adapt to Change** – Better respond to market disruptions and customer needs with increased organizational flexibility.
- » **Data Accessibility and Reliability** – Improve visibility to data and increase comfort over the completeness and accuracy of data utilized in financial reporting.
- » **Employee Engagement** – Alleviate unnecessary or redundant tasks from employees, allowing time for them to focus on higher-value added tasks.
- » **Enhanced Use of Existing Software** – Identify features and functionality of existing business applications that are unutilized or under-utilized to maximize existing investments and strengthen processes.
- » **Improved Customer Relations** – Provide better visibility into the customer experience and make more informed decisions related to buying habits, delivery of products and services, and support.
- » **Improved Reporting and Analytics** – Improve timeliness and availability of financial and operational reporting and analytics to better support business insights that drive management decisions.
- » **Increased Revenue** – Achieve better visibility into current processes and identify new opportunities for growth by recognizing and taking action on patterns and trends that otherwise would not have been visible or readily apparent.
- » **Reduced Cost** – Save time and money by freeing up employees from non-value added tasks and by replacing patch-worked technology with robust multi-purpose solutions.
- » **Reduced Risk** – Eliminate existing control gaps in processes while improving audit trails for compliance and regulatory requirements.
- » **Streamlined and Standardized Processes** – Reduce inefficiencies in existing processes and create additional efficiencies through automation, standard operating procedures and training

How can Digital Transformation help my business?

Digital Transformation can help your business maintain a competitive advantage by embracing the rapid changes in the technology world. The companies that will be the most responsive to customer needs, the most able to adapt to changing market demands, are those that have the processes and technology in place to adapt to those needs and changes quickly and effectively.

Thinking of it differently, what is the impact of not transforming? Can your organization scale and increase market share with its current technologies and processes, or will it need to undergo significant changes to keep up and prepare for the future?

How can I justify the cost of Digital Transformation?

Digital Transformation can be a large investment in time, money, and other resources, and budgeting for it can often be a non-starter. There are investments needed to be made in new technologies and to enhance existing technologies, employees who will need training on new procedures and technologies, and sometimes entire new departments will need created, just to name a few. These constraints can be overcome by demonstrating the value of digital transformation. Developing an ROI can help prove the use case for digital transformation. In addition, taking on what may be considered a “quick win” of your overall digital transformation plan to prove the value can also build momentum and success for the entire effort.

What are the key starting steps to Digital Transformation?

Digital Transformation requires a culture that supports innovation and we understand getting started can seem daunting. Organizations should begin by laying out a communication plan that outlines the organizations goals, objectives for Digital Transformation, and states the plan that will facilitate and support this important organizational change. The plan should also convey why it is important, what that change looks like and means to the organization and individuals involved, and that leadership is committed and invested in promoting and supporting the Digital Transformation initiative.

How do I deal with internal resistance to Digital Transformation?

Employees and even leadership will to some degree resist change. This will especially be true if planning efforts are not established up front. This is why having a change management plan is an important tool to have in place at the onset of any Digital Transformation initiative. In our experience, a valid strategy within a change management plan is starting with a pilot area ripe for change. demonstrating early wins can be a catalyst for acceptance to change. If you see internal resistance as a barrier to successful digital transformation, it may be beneficial to start with a pilot area in order to demonstrate value and wins to the organization. This helps build the internal momentum needed to branch out to other areas of the business.

What types of technologies are used in Digital Transformation?

Digital Transformation can use a wide range of technologies with several different purposes. These technologies are designed to be scalable, enable improved data reliability, increase productivity, provide timely reporting and data analysis,

and support organizational improvement by further automating and supporting business processes. Some examples of these technologies include:

- » Artificial Intelligence/Machine Learning
- » Automation and Workflow
- » Compliance & Security
- » Data Management & Integration
- » Infrastructure and Cloud
- » Reporting, Planning, and Data Analytics

Will Digital Transformation and technology replace my employees?

No, the intention of Digital Transformation is to enable people across all functional areas to perform value-added tasks. While technology may be able to replace redundant tasks, it is not meant to replace people. We believe technology is supplemental and supports what people will do for an organization because technology cannot replace a human's ability to think creatively, critically, strategically, and collaboratively.

What types of process changes should I expect through Digital Transformation?

Processes across multiple business areas will benefit from optimized work streams that utilize technology and workflow automation. Examples of such changes include reduced manual steps, elimination of duplicate efforts, enhanced use of existing software capabilities, and better enforcement of controls and standard operating procedures. Some of the business areas that benefit the most from digital transformation include:

- » Financial Close, Reporting, Planning & Analysis
- » Fixed Assets
- » Hire to Retire
- » Inventory Planning & Management
- » Market to Order to Cash
- » Payroll
- » Procure to Pay
- » Treasury Management

What industries does Digital Transformation impact?

Digital Transformation is affecting all industries, but how and to what degree it affects them differs from industry to industry. Here are some key factors that have bearing on that impact.

- » The industry's dependency on technology and the pace of those technological enhancements,
- » What specific types of technology the industry uses to facilitate business processes, and
- » The magnitude of stakeholder dependency on technology, such as for customers, suppliers, and employees.

What are some indicators that it is the right time to start Digital Transformation?

The right time to start depends on a number of factors, but in general, the sooner the better. Factors such as your organizational readiness, industry, market, finances, long-term strategy, compliance and government regulations may all come into play. Here are some common triggering events:

- » Accelerated growth outpacing current finance and accounting abilities;
- » Acquisitions or divestitures;
- » Implementation of a new system or systems;
- » Inefficiencies;
- » Significant employee turnover;
- » Multiple locations lacking standardization or alignment of best practices;
- » Staffing or cost reduction initiatives;
- » Untimely or inaccurate operational or financial information to make informed business decisions; and
- » Desire to scale and be an industry leader

How long does Digital Transformation take?

Every digital transformation project is unique and will require a plan specific to an organization's goals and objectives. That said, you should expect the effort to take time – many months and often longer. In fact, in many ways digital transformation is more of an evolutionary process, rather than an individual project with a set start and end date. There are often multiple projects within an overall digital transformation project that need to occur to achieve the overall objectives. In addition, technology will always evolve, so organizations must evolve with it. This may require future digital transformation efforts to maintain that competitive edge achieved by your organization's initial efforts. That said, you should think of the early stages of digital transformation as the most important because they establish the foundation on which your organization will achieve long-term success.

How can I help my organization succeed with Digital Transformation?

To be successful, an organization should be prepared to dedicate internal resources and seek external expertise. Internally, leaders within IT, finance and accounting, operations, HR, and other areas should expect to manage teams that will participate in these efforts. Leaders should also be prepared to culturally support the change that comes with digital transformation. At the same time, seeking expertise from those that specialize in Digital Transformation, who can bring best practices and experience to your organization, and perform many of the tasks necessary that cannot be done by your resources due to availability or inability, will also be a key to successful digital transformation.

Who are the stakeholders for Digital Transformation?

Stakeholders are classified as either internal or external to the organization. Internally, stakeholders come from each of the areas that have some role or impact as a result of digital transformation. Examples include finance and accounting, IT, human resources, leadership teams, committees, and ownership. Externally, stakeholders include your customers, suppliers, shareholders, creditors, government and other outside relationships that will be impacted by this effort.

How do we dedicate time to Digital Transformation while still managing our day-to-day responsibilities?

When it comes to implementing digital transformation, the management team must strike the right balance with current business operations and other company initiatives. That balance is different for each business, however, it begins by designing an approach to implementing digital transformation that prioritizes company resources (human, technological, and financial) around the expected organizational impact of digital transformation, while keeping a workable balance between existing responsibilities and other company initiatives.

How Can Schneider Downs Help?

The Schneider Downs Digital Transformation team leverages technological innovations and our business expertise to develop strategic transformative solutions that drive business process improvement for organizations of all sizes. Our solutions are built to identify and implement process and technology enhancements that are scalable and enable improved data reliability, productivity and timely reporting and analysis.

For more information contact the team at contactsd@schneiderdowns.com or visit www.schneiderdowns.com/digital-transformation.

About Schneider Downs Technology and Data Services

Schneider Downs Technology Advisors are committed to providing value added technology services and solutions to our clients. We strive to create an on-going mutually beneficial relationship with our clients by focusing on client satisfaction, delivery of quality service and the continuous education and training of our staff. In today's demanding world market, one of the most challenging tasks facing a company is utilizing and processing information effectively and efficiently.



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