

Digital Transformation Process

Digital Transformation and the New Normal

One year ago in this column I wrote "Digital Transformation in Crisis", describing the phases of recovery from the COVID-19 pandemic. First was rapid slowdown, then recession, with adjusted business and operating models, then back to growth with those new models and opportunities, and finally the new normal, where adaptability is the key to success. Hopefully, your organization has successfully weathered the first two phases and is moving on to growth in a changed world. Let's take a look back at some of those predictions, how we did, and what we've learned about the emerging new normal.

Last Time

Last year, in describing the new normal, I said "Work from home and remote scenarios will be part of most organizations. Many internal processes will be reengineered to support remote requirements...Business resiliency will take on a new meaning...where businesses have to plan for disruptions to supply chain, changes in customer behavior and expectations..." I went on to predict that "those companies considered the winners in whatever the new normal is will have adaptable, flexible digital business platforms, architectures and processes..." I think we did pretty well in guessing about the future. I'll go into more detail with some specifics about the new normal in a moment, but let's look at my final prediction, which I think proved to be true, and will continue to be so.

Consider this example. In the early stages of Covid-19, a major auto insurance company announced that they would provide all customers with a discount since people weren't driving as much. The discount would automatically show up in their next bill. It took six months for the company to deliver because the business leaders who made the promise had no idea of the capabilities that their systems had or what would actually be required to make their change happen. So, they blindly made promises that not only caused reputational embarrassment, but also resulted in increased cost and call center activity.

Compare that with a major university in California that has a visionary CIO and mature architecture program. He commented that "because we have an adaptive architecture in place, we know what systems we have, what their dependencies are, where we're headed, and more. So, when COVID-19 presented urgent new requirements, we were able to quickly understand and choose the best options for addressing them without having to worry about breaking other things in the process". One of these changes was the need for new analytics to track student's progress since they were no longer coming to the campus and classrooms. Because his team knew how and where to collect the data, and they had a

flexible, adaptable analytics architecture in place, they were able to implement the new system in less than 3 weeks.

As architects, we have always said that architecture is about supporting change, and that organizations that have a mature architecture -- including a repository of information and the ability to access it quickly for decision and impact analysis -- will be better suited to withstand disruption. The drastic disruptions from COVID-19 certainly proved that to be correct. Let's look at some of the other disruptions and trends of the new normal that architecture, digital transformation, and you as business and IT professionals will need to account for.

The New Normal

Changes in expectation, behavior, demand, and supply forced companies to adapt business and operating models that could withstand social distancing, supply disruptions, and more. But with a return to normality, at least in some places, there is also a return to existing models that include human interaction and traditional relationships. Business now needs to support a complex hybrid environment where work from home, connectivity, security, resiliency, and redefined processes simultaneously support a combination of the old and the new. Some areas are:

- **Connectedness** – In the book “Designed for Digital” by MIT CISR collaborators Jeanne Ross, Cynthia Beath and Martin Mockler, they identify 3 forces of digital transformation: massive data, ubiquitous connectivity, and unlimited processing. The new normal is certainly based on them. Access to, and speed of connectivity have changed how people want to shop, learn, work, and socialize. The new normal demands that businesses connect people, devices, and processes in real time with new levels of automation and intelligence, across in-person, hybrid, and remote scenarios.
- **Intelligence** – Automation and intelligence are playing a key role in digital transformation, driven by that connectedness and unlimited processing in the cloud. However, the massive amounts of data are both a blessing and a curse. While data is required for intelligence, organizations are overwhelmed by the data they are collecting but not using. The new normal demands that AI also be used to help interpret the massive volumes of data to create knowledge, insight and value, but with the understanding that human involvement is still needed for development, governance and oversight to manage bias, privacy, and ethics.
- **Supply** – The impact of COVID-19 to supply and distribution was dramatic on a global scale. A single ship lodged sideways in the Panama Canal continues to disrupt global shipment to Europe, while a shortage of shipping containers strangles ports in China. Shortages of advanced electronics adds months to delivery times and costs automotive manufacturers tens of billions of dollars. The new normal demands that supply and distributions strategies include aspects of self-reliance, supply ecosystems, resiliency, and disruption risk mitigation.
- **Cybersecurity** – Barely a day goes by without a headline on cybercrime, including the recent explosion of ransomware. The increased reliance on digital communications exposes new risks and vulnerabilities. It's not nerdy high school

boys out for some kicks, but now, global organized crime organizations exploiting sophisticated networks and AI. The risk is not just to exposure of personal data, but the disruption of entire businesses and critical infrastructure. The new normal demands that every business decision include considerations of trust, privacy, security, and compliance.

What have we learned?

Obviously, there's more to it than just these four items, and only so much room in this column. But what have we learned? First, that many of the changes from COVID-19 are here to stay, creating an even more complex and fast-moving environment for business and IT professionals. We've also learned that those organizations with good architecture have been and will continue to be more agile and better able to withstand the increasing complexity and speed of change. So, continue to invest in architecture and digital business platform capabilities. Continue to evolve your business and operating models to accommodate the new normal. And be prepared to quickly grasp the future as more opportunities arise.

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