

Microsoft Services

How company culture drives digital transformation.

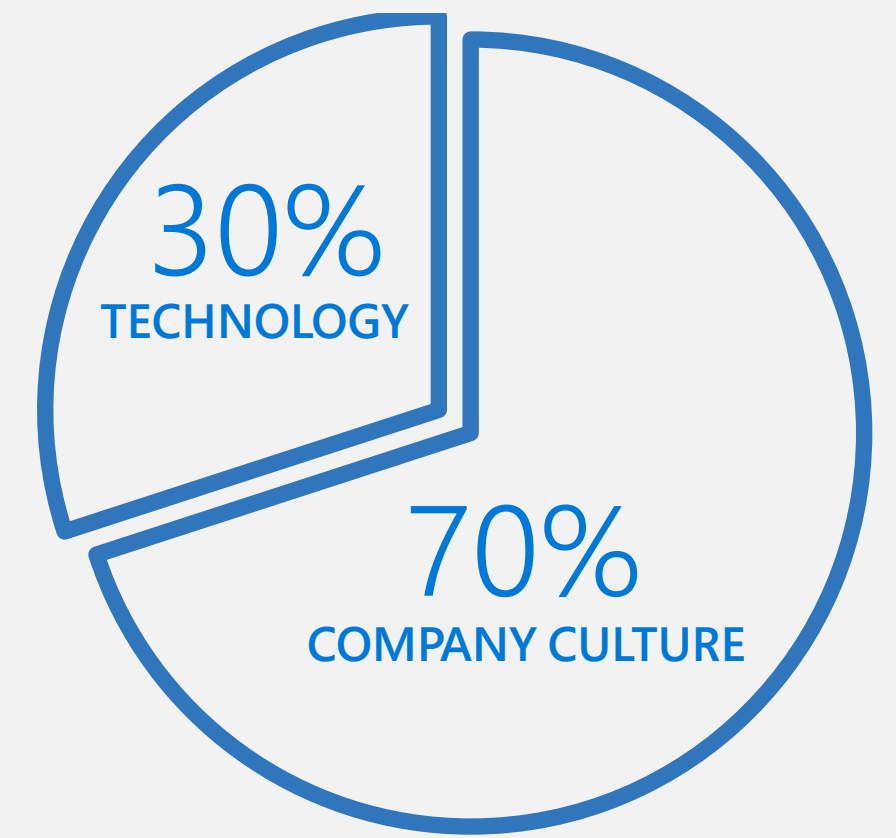


If you want to digitally transform your business, you need to focus on more than just technology.

Many organizations have invested in transformational programs focused on cloud technology, but not all are realizing the business benefits from this investment. Those who have realized real business transformation from cloud technology, have realized that only 30% of the change required is about technology.

So, what is the other 70%?

Much like an employee's attitude, company culture will make or break you. Your company's culture is a strong determining factor in its adaptability and willingness to transform.



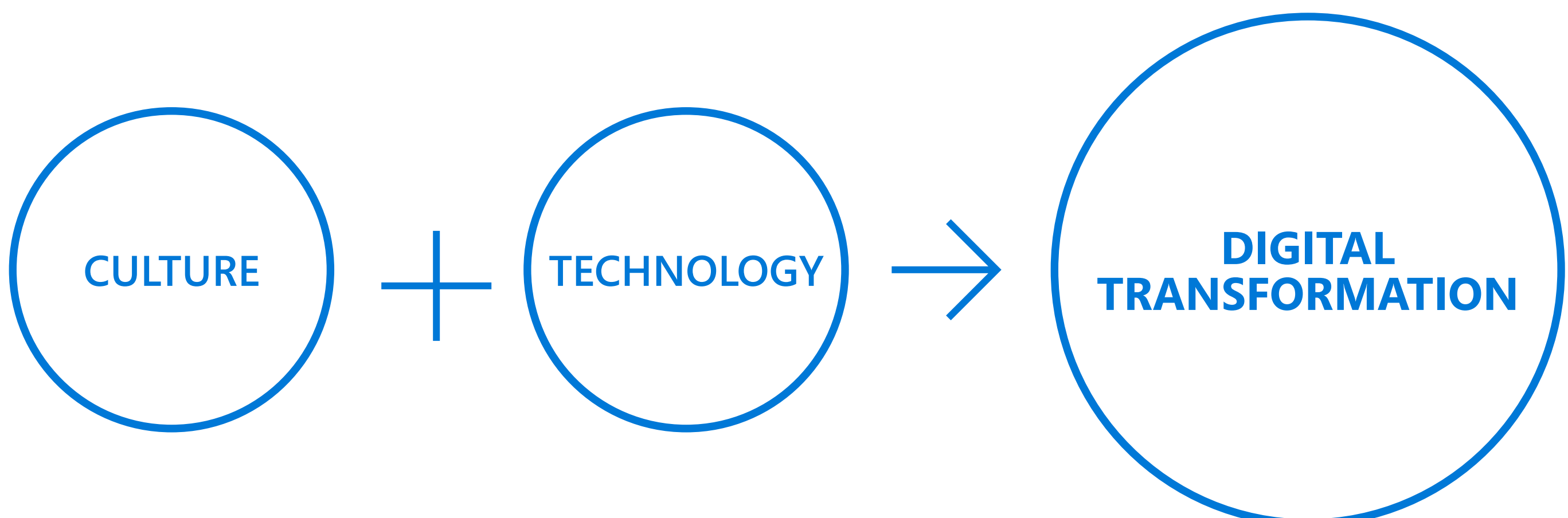
Defining technology in the digital age.

For most organizations technology is utilized to provide improvements to employee efficiency or consumer experience and offer nominal business differentiation. The focus is on providing consistent service and improved efficiency while minimizing the impact on the business. In this operating model, it can be argued that IT is in the best position to make and gate technology decisions.

In the digital era where consumer experience is the differentiator, the role of technology changes. Technology is no longer about providing a step improvement in business and consumer efficiency but rather about changing the business model and enabling a differentiated end user experience. It is fundamental to product development, innovation, and business growth. Technology is a primary focus area for how you do business and gain competitive advantage and the primary driver of change, completely transforming business models (e.g. Netflix, Uber, etc.).

So, if technology is fundamental to your business, how can focusing on it less be the answer?

Our experience has proven time and again, that culture is more important than technology when it comes to transformation. You can invest in all the right technology, but **if your culture doesn't change, you cannot transform.**



Enabling the cultural transformation.

Collaborating is crucial.

Not only is it a good idea for the **business and IT to work together**, it is also a **fundamental requirement**. In the future, we will see little distinction between business and IT teams. Every team will be both a business and technology team. Traditional roles within your organization will likely change. Some will disappear altogether, while others will blur the line between business and technology. Embracing these changes will present opportunities for both individuals and the organization.

As you implement cloud based technology, take the opportunity to pilot new organizational structures and operating models.

Change the investment framework from cost to value.

Most organizations spend the bulk of their time focusing on controlling costs and incremental improvement to current lines of business. This framework does not give enough importance to assessing, experimenting and using technology and the significant opportunity it offers. Cloud capabilities have dramatic impact on business performance. 'Machine Learning' and 'Cognitive Services' are changing the way forward-thinking organizations see the future. These **new capabilities are disrupting every industry** and are available to every organization. The potential value that these bring to businesses is enormous and should be considered early in the business strategy and planning cycles.

Traditional models typically require large capital investments up front, coupled with hours of research and planning to make a choice on vendor and approach. Businesses have become adept at this cost-based evaluation model for investments. New cloud models allow for an agile approach, where you're able to decompose the objectives into manageable incremental projects which demonstrate measurable value. Changing the investment framework provides agility in the way organizations implement initiatives and brings new ideas, innovation and improved products and services to market faster.

Accepting constant change.

Although change has always been a part of every business, the speed and impact of changes in the digital era are far greater than ever before. Products and services need to reinvent themselves constantly to meet the demands of their customers. **Embracing and encouraging this disruption** is the key to success in the digital era.

This does not mean that you should abandon all your processes and procedures. Disruption and change need to be managed. Cloud computing combined with modern approaches to application lifecycle management (ALM) allow you to experiment with technology quickly without significant risk. The key is a change in mindset that rejects the notion that things must be done the same way they have always been done.

Embracing diversity.

The importance of every aspect of diversity in driving transformation cannot be overstated. It is extremely difficult to transform unless you have multiple ideas, opinions, and perspectives. The advances in technology and the flexibility of cloud computing mean ideas that seemed ridiculous just a few years ago, are now possible. Creating an **environment that encourages diverse opinions and perspectives** will allow you to turn those ideas into reality.

An organizational culture that truly embraces diversity is one where employees can not only voice their opinions, but be rewarded for doing so. Teams need to operate without fear of challenging the status quo and to view differences of opinion as healthy. Building a diverse and inclusive workplace isn't a simple task. Each organization is unique, operating in different communities with different goals. Although driving a successful diversity strategy begins with senior leaders, for it to be fully sustainable it needs to be lived and breathed by each employee.

Enabling the c

You still need process and governance.

Most organizations are seeing their business units introduce new technology and cloud services into their organizations. Risk, including security and compliance issues, can arise if not managed properly. As such, **IT plays a key role in digital transformation.** To transform the way your IT department approaches technology such as public cloud services and ensure success and positive transition, you must:

1 Establish the foundation on which new technology such as public cloud services can easily be consumed.

- Concise identity models allowing for federation, management and monitoring
- Forward-thinking networking models need to be defined
- Security with identity at the centre and not just a defense in depth mindset
- IT operations that can be incorporated into the business operations as required

2 Define a foundation for assessing new technology services and identifying risks, enabling a partnership between the business and IT.

3 Ensure you are building flexibility in, to prevent creating a vendor “lock”.

- Ensure the cost of moving between service providers is manageable or at minimum the constraint is identified up front





The best time to plant a tree is 20 years ago, the next best time is now. ”

You must start somewhere.

The single hardest part of both the cultural and technology changes is getting started. Our experience with multiple clients worldwide, has given us the ability to identify this freezing point as one of the most common behaviors in the digital transformation journey. The opportunity provided by cloud technology challenges every single business and operational model in your organization. Adoption impacts all levels of the organization. You will need a series of organized change initiatives for the people, processes and technologies that make your business function effectively.

The 5 most common challenges

Challenge	Approach	Tactics
Transforming into something different with little or no precedent.	Education, communication, and awareness.	<ul style="list-style-type: none">• Develop a change management program• Educate employees on why moving to the Cloud is best for your organization
Loss of control over assets causes uncertainty.	Increase employee level of ownership.	<ul style="list-style-type: none">• Engage impacted employees in adoption planning• Focus on their ability to show the organization how to achieve more
Excess of uncertainty and risks.	Clear and consistent, transparent leadership.	<ul style="list-style-type: none">• Allow the organization to innovate, fail and evolve with no consequences• Provide clear direction and preparation
Concerns about skill set and obsolescence.	Education.	<ul style="list-style-type: none">• Implement a change program around skills development / skills transfer
The size of the change is too large to handle.	Cloud adoption management.	<ul style="list-style-type: none">• Be selective on which problems to solve• Focus on small iterations• Fail fast and learn

You renew yourself
every day. Sometimes
you're successful,
sometimes you're not,
but it's the average
that counts.

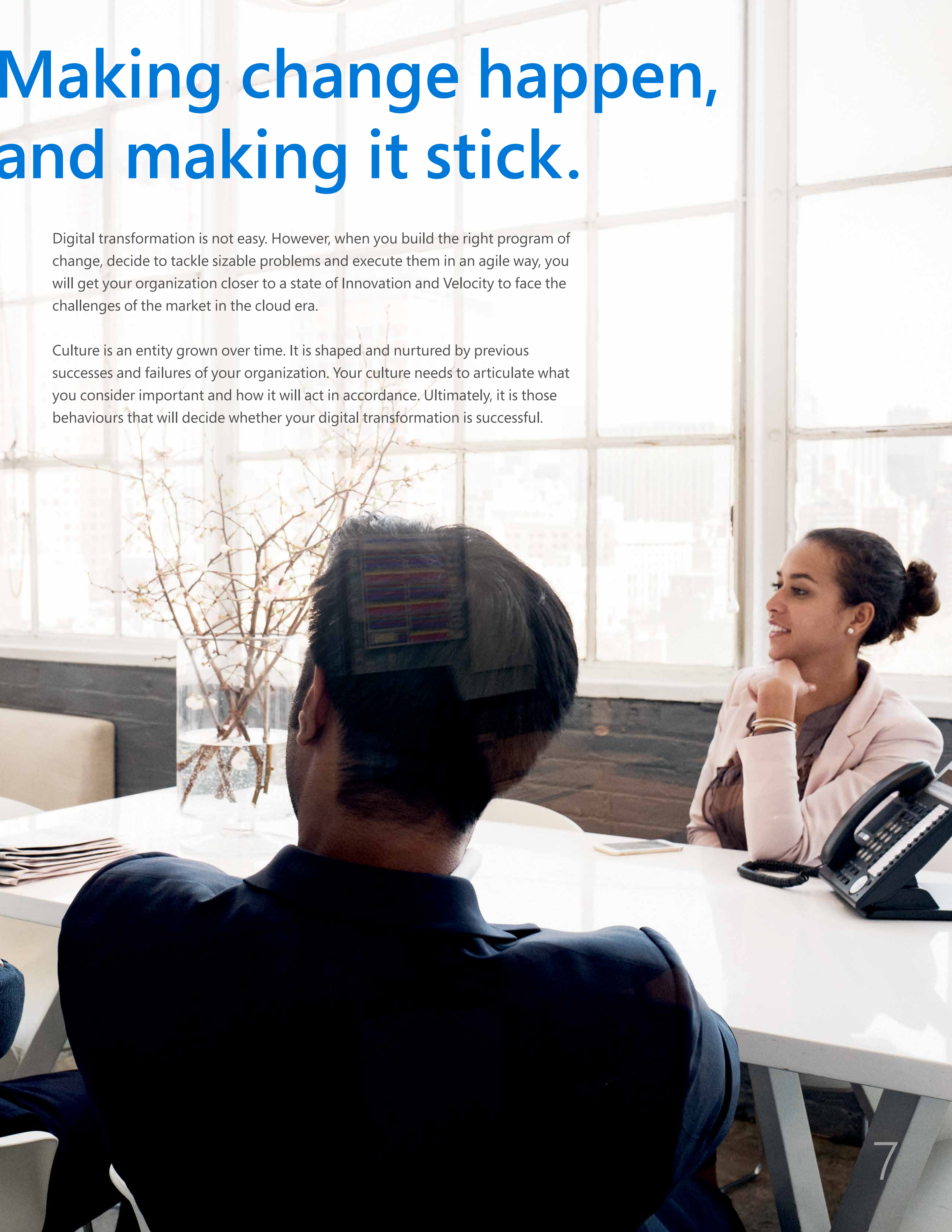
Satya Nadella
CEO, Microsoft



Making change happen, and making it stick.

Digital transformation is not easy. However, when you build the right program of change, decide to tackle sizable problems and execute them in an agile way, you will get your organization closer to a state of Innovation and Velocity to face the challenges of the market in the cloud era.

Culture is an entity grown over time. It is shaped and nurtured by previous successes and failures of your organization. Your culture needs to articulate what you consider important and how it will act in accordance. Ultimately, it is those behaviours that will decide whether your digital transformation is successful.



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