TECHNOLOGY TRANSFORMATION EQUALS CULTURAL CHANGE

As president of Dell Services, Suresh Vaswani has seen the ability of technology to drive a top-to-bottom transformation both internally and for their customers.

BY JOE GUINTO

uresh Vaswani knows a way businesses can use technology to help outperform their competitors by a 2-1 margin. It's a method employed by some of the top companies in the U.S. in order to beat their rivals. But as Vaswani, the president of Dell Services, the global IT services business unit of the Austin-based company, will tell you, this method is not exactly a closely guarded corporate secret.

Actually, it's quite simple: Just invite the chief information officer to strategy sessions. That was one conclusion of a report that Dell commissioned the Economist Intelligence Unit to conduct. The report surveyed more than 500 C-suite executives from FedEx, Zappos, Verizon, and other leading companies. It found that companies involving CIOs in setting business strategy — with CIOs and CEOs meeting jointly — outperform their peers by that 2-1 margin.

"It's no secret IT is changing faster than ever before, and companies and CIOs that take advantage of the latest technologies to improve business results can have a huge competitive advantage," Vaswani says.

Indeed, technology change today can itself be a catalyst for enterprise transformation — for large-scale shifts in the way in which workers interact with each other within an organization, in addition to the way a company and its customers, partners, and other stakeholders interact. That's especially true of digital transformation, which can transform the business models of companies through mobile platforms, social media, cloud-based systems, and advanced analytics.

Those kinds of digital transformations may be exciting for companies and their workers because they come with the promise of putting an organization on the cutting edge. But beware. "It's easy to get caught up in the hype of the 'new and emerging,'" Vaswani says. "Successful transformations are clearly tied to business strategy and are supported by the entire senior leadership team, not just the CIO." Leaders don't have to understand all the nuts and bolts of new technologies being adopted, but they do have to know how new technologies will help them achieve their desired business outcomes.

Vaswani has first-hand experience with this. Not only has his division aided numerous customers in technology-led transformations, but he's also witnessed Dell's own
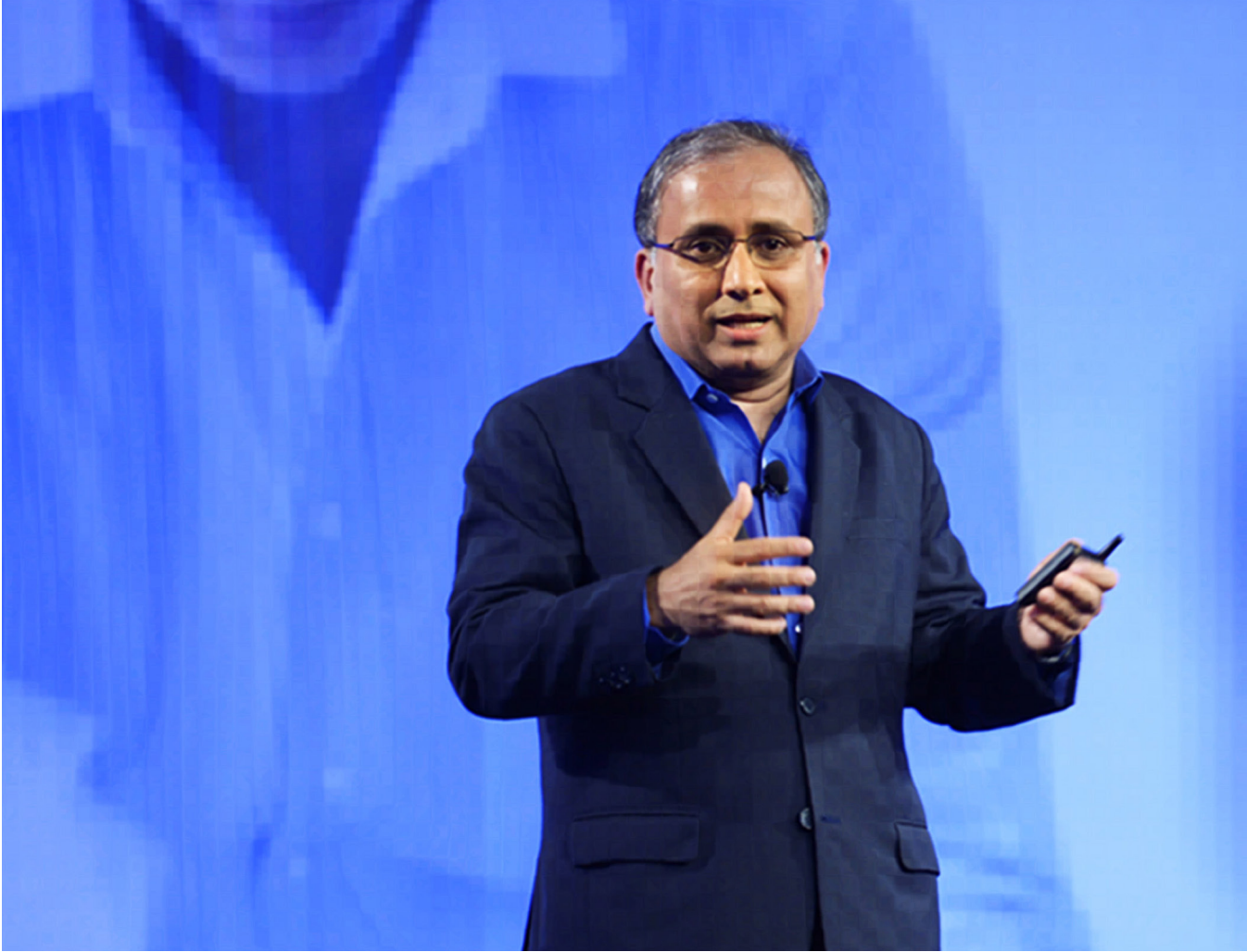
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transformation during his time there. Vaswani joined Dell in April 2011, initially overseeing global applications and business process outsourcing services and serving as chairman for Dell India. In recent years Dell has evolved from a computer hardware company into the world's fastest-growing integrated technology company, providing customers with end-to-end solutions to meet their business and IT needs. "Our entrepreneurial culture is one that encourages innovation, so technology-led transformation comes naturally to us," Vaswani says. "We apply the experience we've gained from evolving our own organization to what we deliver for our customers."

So how do Vaswani and Dell recommend organizations go about technology transformations? Focus on four key areas.

CHANGE THE WAY YOU PERCEIVE THE IT DEPARTMENT

Let's start with a definition. Technology transformation, to Vaswani, means, "To migrate our customers to modern technology environments so they can react faster, reduce costs, and serve their customers better. This could involve moving off a mainframe system to an environment that is more agile and scalable or helping organizations embrace the cloud and its many benefits."

In other words, technology-led transformations are, at their core, change processes that leverage new technology to make organizations more nimble. "Transformation efforts are driven by the need to survive in a world where old models no longer endure," Vaswani says. "New business models, new operating models, and new organizational models are all needed — and the role of technology is to enable that. But the objective is not just to lift and shift to faster, better, cheaper technology.

It is to invent and innovate whole new ways to do business."

That innovation process toward a new way of doing business can start, appropriately, right in the IT division of a company. The old way of doing business called for IT divisions to install and analyze systems. Or, as Vaswani puts it, "keeping the lights on." But the new way of doing business requires IT divisions to be involved with the strategic direction of the company, and to work across the organization to develop new tools and systems to better engage with customers. And Vaswani says that it is imperative that companies now integrate their IT divisions more into their strategic thinking. IT divisions, he says, must work across organizational boundaries.

In its aforementioned report, the Economist Intelligence Unit found that only 46 percent of CEOs think their CIO understands the business. Given how much more successful companies who involve their CIO in strategy seem to be, that represents a staggering disconnect — and a great opportunity.

02 GET ON THE ROAD TO DIGITAL

Here's something else that's not a secret: A number of companies today are dealing with legacy applications running on old hardware that costs more and more each year to maintain. This reality illustrates just one of the reasons companies embark on digital transformations.

Often, that transformation begins with companies "re-hosting" their technology applications on more modern platforms that can handle the increased demands that, say, starting a social media conversation with tens of thousands of customers would have placed on older systems. This kind of shift can also save money. For instance, Deutsche Rentenversicherung (DRV), a German federal pension provider, adopted Dell's mainframe re-hosting technology after the German parliament required it to cut operational costs. Dell has also worked with federal agencies in the U.S. to achieve similar cost savings through re-hosting.

Sometimes, though, it's speed that matters most. Zurich Insurance U.K., one of Dell's customers, recently made a change from outdated hardware and applications to a new, social media-driven web system and mobile platform. The result was dramatic: New product development cycles were cut from 12 months to just eight weeks. "Digital," Vaswani says, "is completely changing development cycles."

Whatever the reason for the change, when companies adopt new technology, that technology has to be more effective than the old technology and fit into the corporate strategy. It's not about investing in the best technology in the world, it's about investing in the technology that will deliver the kind of solutions that are right for a given organization.
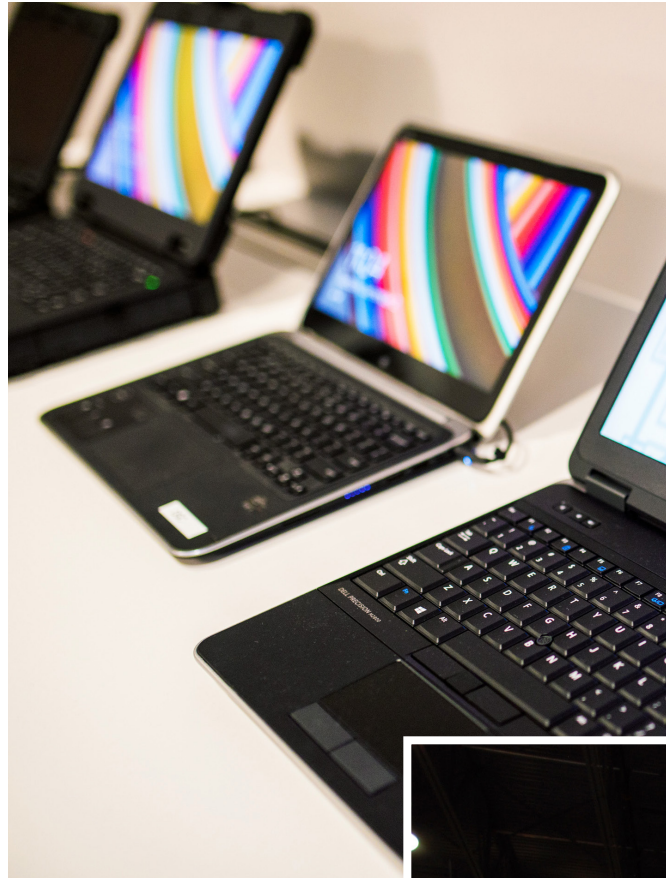
"Today, all roads lead to digital," Vaswani says. "From business strategy to execution, digital is a part of everything we do. The truth is, however, that instead of striving to simply transform with this technology, the best companies combine digital activity with strong leadership to create innovative business models, processes, products, and services."

In that way, technology transformation is like any other kind of business transformation. The change needs to be embraced from the top of an organization down through the ranks, even if that requires a change in mindset. "Getting team

DELL HAS SHIFTED FROM MAINLY A COMPUTER HARDWARE SUPPLIER TO AN INTEGRATED TECHNOLOGY COMPANY THAT DELIVERS END-TO-END SOLUTIONS.

member and frontline leader buy-in with technology-led transformations is critical," Vaswani says. "Whenever possible, it helps to have team member engagement and involvement from start to finish. It is hard to ask people to take a journey with a business transformation or adopt new technologies into their working environment without inviting them to participate in the process. This is especially true with processes and technologies that directly impact how team members may do their work day-to-day or how they then engage with customers."

Take the recent U.S. healthcare reform. When the U.S. Congress passed the Affordable Care Act (ACA) in 2010, the health insurance industry knew the status quo would eventually change — dramatically. What wasn't known was how much or exactly what the "new normal" would be. One clear seismic shift, however, was that by 2014 the ACA would require a big expansion of a retail market for millions of consumers wanting to buy coverage directly from health insurers, instead of the long-standing U.S. tradition of getting it through their employers.

Health Care Service Corporation (HCSC), the largest customer-owned health insurance firm in the U.S. with 14 million members, worked with Dell to better engage and educate consumers and expand its social media outreach. HCSC needed to use social media to become a social business.

Lynde O'Brien, Director of Electronic Media Strategy, HCSC, said, "I wanted to work with Dell's social media experts who had actually built what we were looking to build, not an agency that hasn't actually been in the trenches and done this."

Dell's solution aligned HCSC's social and business objectives while improving its social community and content strategies — expanding reach, increasing retail leads by almost 383 percent over the prior year, boosting video views by 963 percent and website traffic from those views up by 21 percent in a year, and improving social media analytics and reporting to better gauge business impact.

According to O'Brien, "It was exactly what we needed to push forward in our evolution from communicating via social channels to becoming a social business."

03 FIND YOUR TYPE

The Early Adopters. The Mainstream. The Cautious. Those are the three types of organizations Dell finds itself working with today.

The Early Adopters are companies who are excited to bring the newest technology into their business — if they see the future potential in that technology. The Mainstream prefers to wait until the bugs in new technologies have been worked out and their peer companies are using it effectively. The Cautious worry that adopting new technologies might disrupt their current business, meaning they'll lose more than they'll gain from change. To effectively partner with all three of those types, especially in the newer area of cloud services, Dell has focused on providing a consultative approach that helps companies know what their actual return on investment will be.

But they also discuss in detail how any organization's business strategy might be affected and improved by implementing cloud-based technologies. "For the greatest project success," Vaswani says, "IT leaders consider cloud not just as a technology but as an enabler to better business outcomes. Cloud creates an opportunity for IT leaders to co-innovate and co-invest with the business, and shift from being an infrastructure-centric to a service-centric provider. To do so is as much a financial and cultural discussion as a technical one."

Vaswani says it doesn't matter if top executives understand the technical intricacies of how cloud technology works. It's more important, he says, that they know the strategic intent of moving business to the cloud and the capabilities implementing cloud services can have on helping a company achieve the successful business outcomes it wants. "If a company is on a transformational journey, leaders need to understand the strategic themes of that journey and how technology (among many other things) will address those themes," Vaswani says. "Leaders must know — or be mentored by the CIO on — sufficient information on what they are trying to accomplish, and the role technology can and should play in making it happen. Knowing that, then they also know the potential challenge and disruption these same technology capabilities can and will be to the status quo."

A potential pitfall of technology transformation is when companies adopt new technologies that end users don't understand well enough to leverage all the potential capabilities. "Or even worse," Vaswani says, "is when a technology solution is simply not utilized because of poor/ineffective change management during implementation."
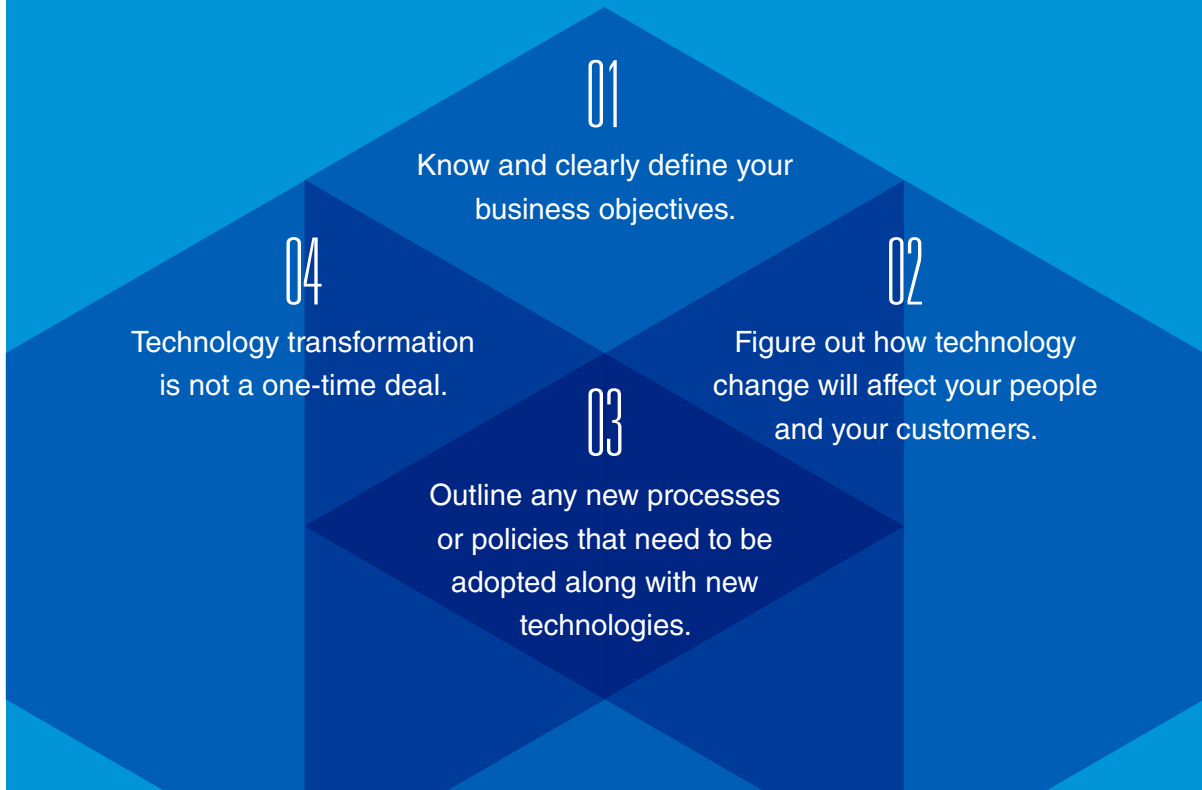
04 AVOID COMMON MISSTEPS

Vaswani says there are several ways leaders can avoid some common missteps when undertaking large-scale technology transformations. Here are four enablers for success:

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FOUR ENABLERS FOR TECHNOLOGY TRANSFORMATION

01
Know and clearly define your business objectives.

04
Technology transformation is not a one-time deal.

02
Figure out how technology change will affect your people and your customers.

03
Outline any new processes or policies that need to be adopted along with new technologies.

ONE: Know and clearly define your business objectives.

"People sometimes get excited about new technology without fully considering how their organizations are going to realize long-term business value from it, what the extent of the value will be, or how it will be measured," says Vaswani. "These are foundational issues that need to be addressed up front."

TWO: Figure out how technology change will affect your people and your customers.

"Employees may need to be re-trained to adapt to and leverage the new technology," Vaswani says. "In other cases, new employees with unique skill sets may need to be hired. The trick is planning for this need before the transformation is underway so you can derive value immediately. Similarly, leaders need to develop a clear plan for ensuring that any changes to the customer experience are positive and seamless. How many times have we heard about a new service, application, or feature that was poorly received because customers were not properly considered or communicated to as part of the rollout?"

THREE: Outline any new processes or policies that need to be adopted along with new technologies.

"Organizations that move a system or business process to the cloud, for example, need to examine security protocols for transferring and protecting sensitive information," Vaswani says. "Companies that implement new social media tools need to ensure employees know what the usage policy is and how to handle negative or inappropriate dialogue before it happens. Every major technology disruption, no matter how positive, has a resulting impact on process which needs to be carefully planned for."

FOUR: Technology transformation is not a one-time deal.

"Given the current pace of change, organizations need to continuously evaluate their IT capabilities, look at new technologies that might help them better serve customers, and institutionalize an ongoing process to do so," Vaswani says. "This is the hallmark of an open, innovative culture that gets ahead by constantly pushing the envelope in terms of what might be possible."