

Point of View

# Value-oriented Approach for Digital Transformation

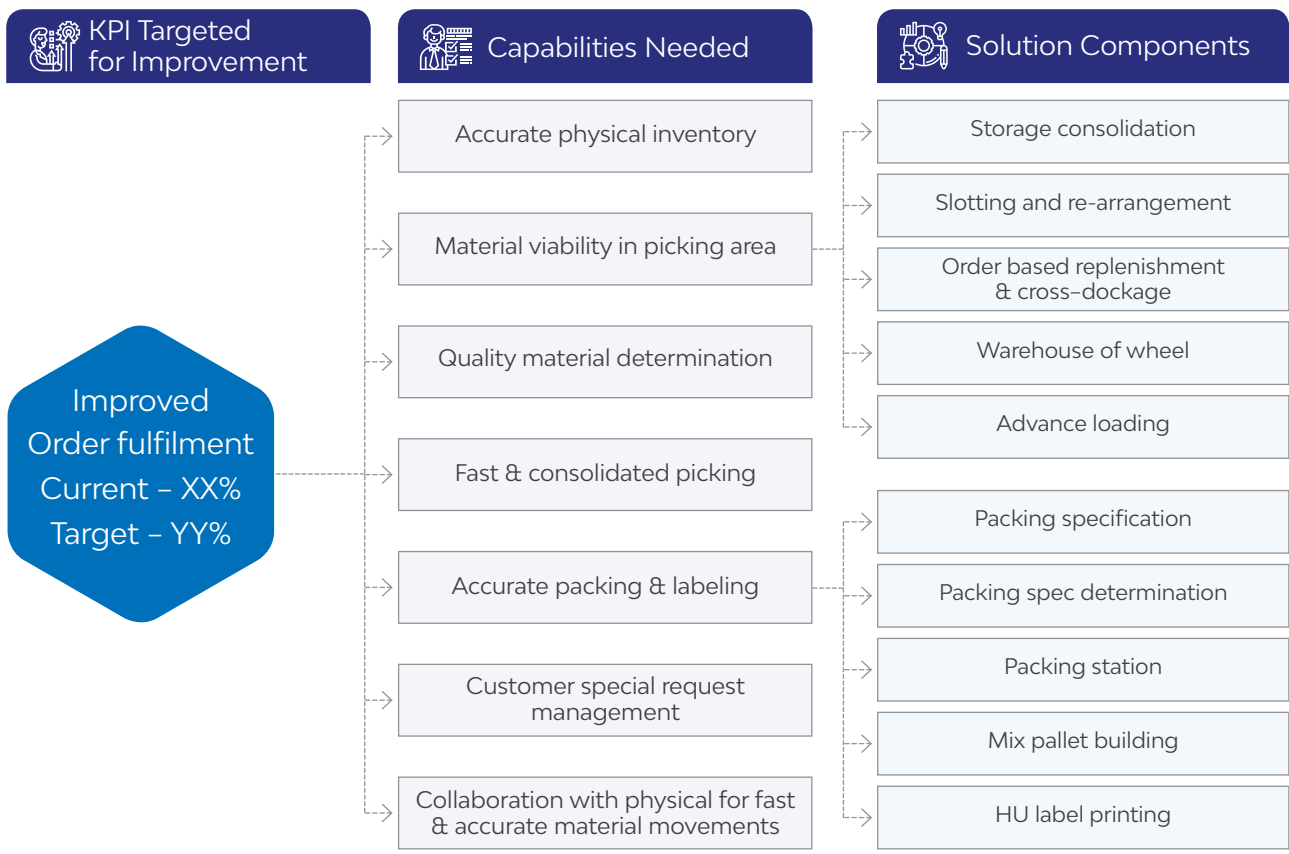
New-age technologies are the trend and offer a multitude of opportunities and solution to the business world. But the ultimate challenge lies in associating its usage with business value. How will the usage of these technologies impact the organization’s top or bottom line? That is a question many find difficult to answer.

The prime question for a CIO/CTO to answer is “How do we measure the potential of the technology on our business KPIs. Which business processes need to be transformed? What business problems are we solving for? Will the digital technology really bring the desired business value, or will it be just a fancy way of doing the same things that we are doing today?”

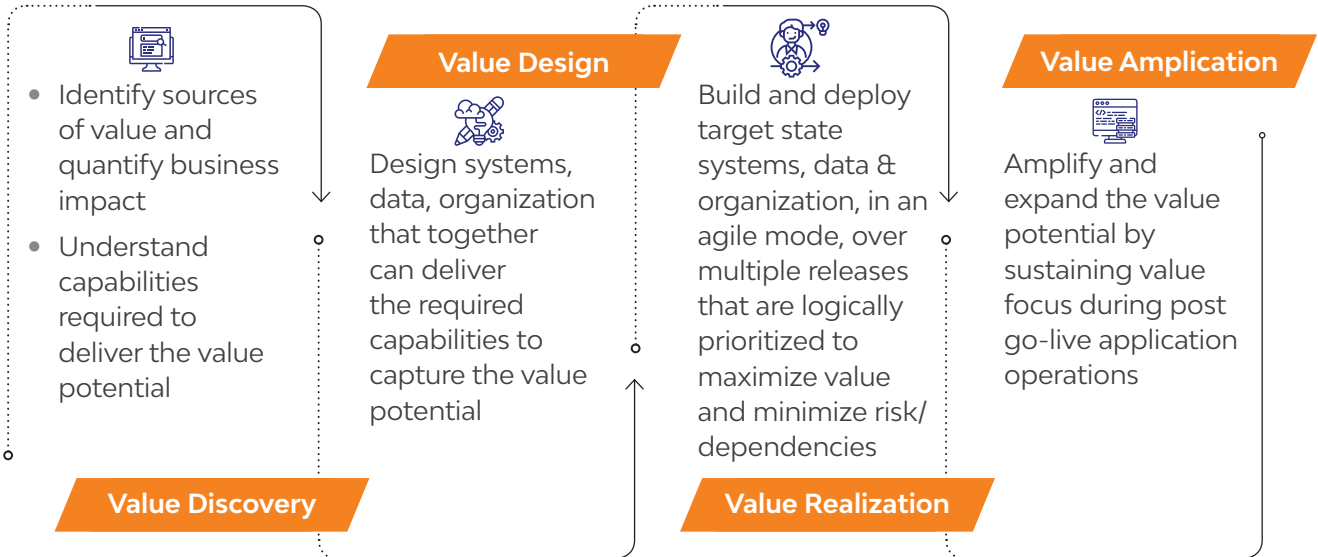
Traditional applications cannot solve the problems of modern business, and hence it calls for digital transformation. Often senior IT leadership takes decision for such transformations and other business stakeholders take it as one of the IT projects. However, a good collaboration between business and IT to build a central vehicle to identify, design and capture business value through such transformations, is the need of the hour.

LTI’s value-oriented approach for digital transformation enables business and IT to identify, design, capture and measure the potential business value through the digital transformation. It links business KPIs to IT solution and tracks the value realization throughout the digital transformation journey.

The picture below represents a typical linkage from Business KPI to Business Capability to IT Solution Components.



This gives all stakeholders a direct view of capabilities and solution that needs to be in place to achieve the desired business KPI improvement. This elevates the discussion to be around the business value and helps in enabling the right investment decision.



The approach starts before the actual decision to implement a digital technology and identifies sources of value and the capabilities (Technology solution) needed to achieve the desired business capability and potential value that it would deliver to the business.

Creating the initial business case is just not enough. The envisaged value needs to be tracked right through the implementation lifecycle. The solution should be designed in a way that it would deliver the initially envisaged capability.

Similarly, the build phase needs to ensure that the desired capabilities are built in earnest. The agile releases and incremental value are logically prioritized to deliver incremental value to achieve the desired business KPI improvements.

The journey does not end with the implementation. Post-delivery of the solution, the value needs to be sustained and amplified by continuously measuring and improving the solution.

## In summary

Digital technologies with right value mapping bring the capabilities to transform enterprise into a true intelligent enterprise. Below are key steps to map business values for such transformation journey that will in turn create a modern yet pervasive and future ready business:

- Map shareholder value to operational metrics
- Define the business benefits and business process changes needed to realize them
- Evaluate the feasibility of making the changes successfully in new digital environment
- Map to digital solution components and identify performance benchmarks
- Deploy right fit digital solution and keep the momentum on with continuous tracking and improvements

## About the Author



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Naushad has over 25 years of experience and is responsible for digital transformation and service delivery for Energy Clients in USA. He has a strong consulting and program management experience, across multiple geographies (North America, Europe, Nordics and Asia-Pacific) and industries (Energy, Manufacturing, CPG and Life Sciences). His area of expertise includes C - suite level client management, consultative selling, business development, P&L management, innovation, leadership development.

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