Five underrated and no less important aspects of digital transformation

Much has been written about digital transformation, this new industrial revolution boosted by the meteoric advance of new technologies, offering many opportunities to change the limits of what is possible in all sectors.

However, leading a digital transformation that keeps its promise is not easy. Some will have understood that all the complexity of such a transformation lies in its execution, because pushing the limits of the possible, even when technologies allow it, can only be achieved by changing the reference frame of thought. This is the major reason why, despite all the new technologies being made more available and accessible, despite everything that has been written about digital transformation, most digital transformations fail.

We are used to thinking that to succeed in digital transformation, we must be customer centric. Put ourself in the customers' shoes. Think like them. Live their life. Think about solutions that will solve their problems.
This is the first mistake.
Being customer-centric is the approach to continuing: continuing to operate an existing and proven business model, continuing to improve, continuing to exist in a specific environment

where everyone has a specific place, according to known rules of the game, continuing to grow and derive maximum growth and profitability.

As counterintuitive as it may seem, being customer-centric is anything but the approach to digital transformation.

Transform the existing embedded in its rituals, its habits, its established logics, its frictions that have become an integral part of normality, to bring out new foundations, new interactions, new uses, new processes, which will give birth to a new generation of value propositions, requires thinking differently, especially thinking differently than your own customer. As Henry Ford said: "If I had asked people what they wanted, they would have said faster horses." Indeed, Customers can easily describe, understand, interpret, express their needs within the limits of what they see and know in the present. They can very hardly do it by transcending this limit.

The first thing to successfully executing a digital transformation is therefore not to be customer-centric; it is to be non-customer centric.

Which leads us to the Market.

To convince oneself that the idea of a new product or service that could be made possible by digital technologies can become a viable business, thus meet its market, it is common to think that it is therefore essential to do a market study.

This is the second mistake.

The definition of the market is the definition of the existing. The way the market is segmented is the way we look at and analyze the established order. This is an essential exercise to position ourselves, and evolve, in that order.

To transform digitally is to free oneself from the way in which one perceives the market, its dynamics, its logic of segmentation and evolution with the glasses of its current or supposed participation in this model.

The market is the definition of the contours of segments in which a competition of actors moves, all frozen in a known economic dance, whose past, trends, hypotheses of growth or decline have been or can be analyzed.

The execution of a digital transformation is transformative in that it becomes the cause that produces the effect of new market segments, hitherto unknown and undocumented in available market researchs.

The approach to digital transformation is not one that takes place with the prerequisite of market segmentation. It is the one that is implemented with that of a de-segmentation of the Market. Where others see today 1, 2, 3 distinct markets, such as health, automotive and banking, the implementation of a digital transformation is based on considering groups of needs that transcend and connect them together to finally make a single one entirely homogeneous.

Which leads us to the Experience.

Digital transformation enables the revolution of experiences, that it becomes possible to offer, to live.
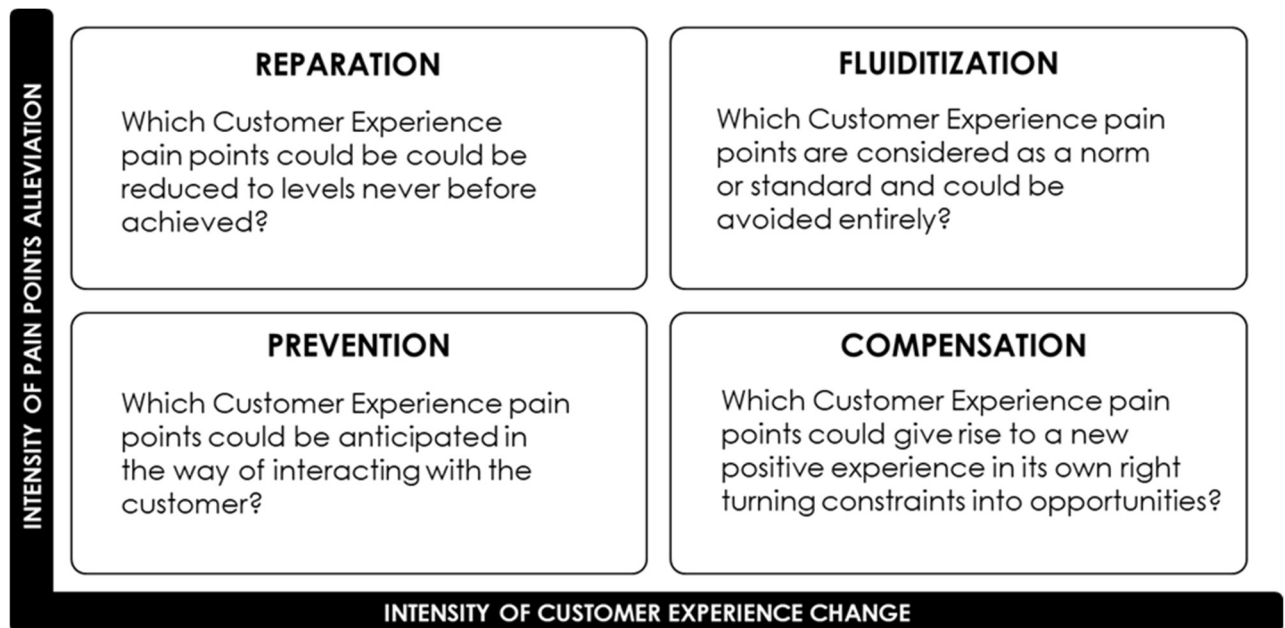
These are experiences that for the most part are made inaccessible or even unimaginable, if the two previous mistakes could not be avoided. These are also experiences that can be promising, beneficial, on a disproportionate and unparalleled scale, in record time, thanks to the possibilities of ubiquity offered by digital technologies. Some have understood that digital transformation is reflected by a trend: software is eating the world. Some then give themselves the main objective of becoming software companies to develop products and services that are enabled, enhanced, magnified or even replaced by the softwarisation.

This is the third mistake.

To transform digitally is to have understood that a product or service vision, whether hardware or software, is deeply and undoubtedly reductive and limiting.

As Steve Jobs understood: "you've got to start with the customer experience and work backwards for the technology."

In life, as in business, we are and become what we do. Making software is not making a digital transformation. It's just making software. Doing a digital transformation means transforming the customer experience. All the means are good, hardware, software and human, as long as they are together put at the service of one or more of these 4 challenges:

REPARATION	**FLUIDITIZATION**
Which Customer Experience pain points could be could be reduced to levels never before achieved?	Which Customer Experience pain points are considered as a norm or standard and could be avoided entirely?
PREVENTION	**COMPENSATION**
Which Customer Experience pain points could be anticipated in the way of interacting with the customer?	Which Customer Experience pain points could give rise to a new positive experience in its own right turning constraints into opportunities?

INTENSITY OF PAIN POINTS ALLEVIATION

INTENSITY OF CUSTOMER EXPERIENCE CHANGE

It is therefore crucial not to confuse the end and the means. To make its digital transformation, it is not to become a Software-Company that the company needs, it is becoming an Experience-Company.

Which leads us to the Enterprise.

Succeeding in creating new customer experiences cannot be achieved without a change, an evolution, and sometimes a revolution of the system that creates the current Customer Experiences.

Digital transformation necessarily induces such changes, which affect all the components of the system on which the organization is based, including talents, skills, processes, governance, ways of working and above all, culture.

This naturally leads companies to shape and lead their transformation as an Enterprise-wide project, including in the best case scenarios all the functions of the system (Engineering, HR, Finance, Purchasing, Sales, Marketing, etc.), but often in a logic of a vacuum, which is moreover in a silo.

This is the fourth mistake.

The digital transformation of the company requires more than being an Enterprise-wide transformation project which, moreover, would be carried out by function as a spare part, as if the right hand did not need to know what the left hand is doing.

Since the foundations of the company's system are also outside the company - in particular with its customers, shareholders, investors, suppliers, alliances and partners, institutional and associative links - its digital transformation requires a plan and an approach that goes beyond its walls, and therefore not to consider the company as disconnected from its external stakeholders.

The creation of value that emerges from the design of new experiences requires transforming all forms of participation coming or likely to come from internal and external components of the company, existing or new, in a holistic way, therefore like the two sides of the same integrated system.

This particularity makes digital transformation of companies much more than an enterprise-wide project. It is an ecosystem-wide project orchestrated by the company.

Which leads us to the Impact.

The demand is changing, and it has changed a lot these last twenty years. The question of major societal issues, such as global warming or plastic pollution, changes demand. A more tenuous link than before exists between the environment and the way in which the company must understand its role and its mission as a responsible economic actor. The digital transformation plan is to be run in this context. In fact, the hypothesis that would lead to consider that this context has little or no influence in the choices and decisions to be made in the implementation of a digital transformation, is a decoy.

This is the fifth mistake.

The grand challenges of our time force digital transformation to serve the achievement of an objective where "Sustainable Growth" and "Sustainable Development" are not antonyms but synonyms. Companies that fail to understand and embrace the societal issues of our century that educate the demand turn into businesses whose expiration dates are closer and closer, no matter how hard they try to digitally transform.

Digital transformation is above all a transformation in the way of solving (big) problems with a user-centric approach. Any digital transformation must go hand in hand with a greater opportunity to place people and society at the center of the value creation process while strengthening one of the most critical aspects of our intelligence, that which any other artificial cannot replace: empathy.

On the contrary, any digital transformation that fails to transform ways of thinking by solving problems with the user and therefore the human at the heart, is doomed to create a double harmful effect: not only that of amplifying inefficiency at establishing economic viability, but also that of multiplying the handicaps and constraints that prevent us from building good for society.

Paradoxically, digital transformation is not that much about technology but the opportunity to shape new augmented human experience that it is up to us to create.

About the author:
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Hamilton is also the President of the Digital Transformation Club of INSEAD Alumni Association France, mentor at the MIT Priscilla King Gray Center, contributor at Harvard Business Review France, and Host of [The Hamilton Mann Conversation](), a Masterclass Podcast about Digital for Good.
Hamilton was voted among the Top 10 Global Thought Leaders and Influencers on Digital Disruption by Thinkers 360 in 2021 and 2022. Hamilton is a graduate of MIT Sloan School of Management, INSEAD and EDHEC Business School.