



Avoiding Digital Transformation Pitfalls

Leaders across a diverse range of industries, including healthcare, banking and manufacturing, are feeling the pressure to evolve the way they deliver technology. Artificial intelligence (AI), predictive analytics and the Internet of Things (IoT) have become integral to the technological foundation organizations of all sizes now require to meet consumer expectations and drive business outcomes. And in a world where born-in-the-cloud businesses can pivot on a dime to take advantage of the latest technologies, digital transformation – the process of evolving monolithic, legacy infrastructure into agile, high performance environments – has become a matter of survival in order to stay competitive and balance costs.

However, because organizations have to balance this urgency against the perennial need to minimize risk and deliver value, it's especially important for them to be realistic about the many obstacles and risks that come with any comprehensive digital transformation initiative. Vendors and managed service providers may present these transformation projects as a quick jaunt to some ideal cloud-based state that improves IT efficiency and flexibility. Implementing bolt-on digitized solutions, as many providers are doing, is only one part of the solution. In reality, digital transformation is a long and often winding road, and there's never a single roadmap. For a true transformation, firms need to integrate their back-end systems, data and new technologies.

You'll have to chart a course through the treacherous terrain of technological complexity, organizational challenges, stakeholder buy-in, legacy app issues and other hazards, both known and unknown. The reality is that even the most well-resourced organizations struggle to overcome the obstacles along the way. To meet these challenges head on, businesses are adopting business model change to address the cultural and procedural evolution needed to underpin the technological changes. According to Gartner, 49 percent of organizations report that they are changing their business models to support digital transformation.

In this ebook, we review some of the most common risks, challenges and roadblocks that threaten to derail organizations from executing sweeping digital transformation projects.

Common pitfalls include:

1. Poorly established project goals and lack of buy-in
2. Inadequate access to expertise and resources
3. Poor technology selection decisions

Some of these hazards you can avoid. Others you will simply have to survive. The key is having access to experienced specialists who can help you plan intelligently, minimize risk and help ensure that the benefits of your project will ultimately outweigh the costs.

Pitfall 1: Poorly established project goals

For many organizations, the overarching goal of digital transformation is to reduce costs and drive efficiencies. But each case is unique. You may need to prioritize the need to harness new tools and technologies to support the development of new services and capabilities over the need to optimize existing processes. It all depends on your unique history, culture, customer base, legacy challenges, technology preferences, resources and relative position in the marketplace.



Transformation tip

Survey your key stakeholders before digital transformation begins to identify their pain points and areas where change is most needed.

Defining, prioritizing and aligning stakeholders around clear, systematic goals is the critical first phase of any successful digital transformation journey. Unfortunately, because there are so many variables and moving parts, many companies fail in this critical planning stage, which can stall the project before it even begins. Without the right level of buy-in among executives and across business units, digital transformation will encounter roadblocks in the areas of decision-making, approvals and resource allocation.

Here are some wrong turns to look out for:

Prioritizing the wrong goals

The problem of goal prioritization is among the most important and difficult to solve. It extends from these high-level strategic objectives down to more tactical goals such as improving website load times or enabling self-service IT options.

As an IT leader, you'll need to answer a number of essential questions:

- To what extent will you need to support emerging use cases such as the mobile, artificial intelligence and internet of things (IoT) initiatives?
- Will you eventually need to support major growth and scalability due to a product launch or acquisition? Does an impending event affect your projects and priorities?
- Would cloud-based communications and productivity tools (e.g., an email service such as Office 365) be cheaper and easier to administer than your current solution?
- Are there certain applications that wouldn't benefit from cloud computing? Do you need to invest in their long-term viability?
- How do security and compliance concerns impact your options?
- How important is it to automate time-consuming processes (e.g., leveraging cloud security)?
- How will you balance these competing strategic and tactical priorities? What is the five-year strategic plan?
- How much will you develop in-house and how much will you partner with IT firms or the application ecosystem to create new services?

Leaders who don't have a thorough, comprehensive understanding of their own business requirements risk steering their entire IT organization down the wrong path. Digital transformation, as we've suggested, is both process and evolution. A wrong turn can result in a long and difficult recovery.

Setting goals too modestly

Generally speaking, digital transformation projects should aim high. If you're making major investments and disrupting existing systems and processes, it's imperative that you demonstrate dramatic value to the business. Achieving incremental cost reductions alone might not be enough to justify the investment in the project and may reflect major missed opportunities.

Transformation tip

Set goals and make key decisions with an eye toward the future, not just the present.

Big initiatives such as refactoring apps for the public cloud, building your own private cloud, or adopting newer technologies (e.g., cloud computing, Kubernetes or blockchain) might seem daunting from a cost and risk perspective. But when it comes to overhauling IT, companies that think big tend to have more success, even if they only meet a much smaller fraction of their goals.

Inadequate goal definition

At every level, goals must be clearly defined and documented. Your goals should be measurable whenever possible (e.g., "Improve ecommerce site load time by X milliseconds" or "Reduce overall compute costs by Y% over a five-year period").

We often see customers start the planning process with specific, measurable goals, but as the process plays out, these goals become "watered-down" or made increasingly generalized in order to reconcile differences between stakeholders. And when goals are too ambiguous, it can be difficult to quantify or demonstrate success. Likewise, leaving goals open to interpretation can lead to various IT leaders pulling teams in opposite directions.

Inability to secure alignment

While it is important to develop ambitious, specific and clearly defined goals, it's also necessary to make sure that all the key leaders and teams in your organization understand and agree on the priorities you establish. For example, if you're a bank planning to move key workloads to the cloud, it's critical that you can demonstrate how you will be able to do so securely in order to win the blessing of your Risk and Compliance team. Lack of executive and business unit buy-in is a top reason that digital transformation projects fail.

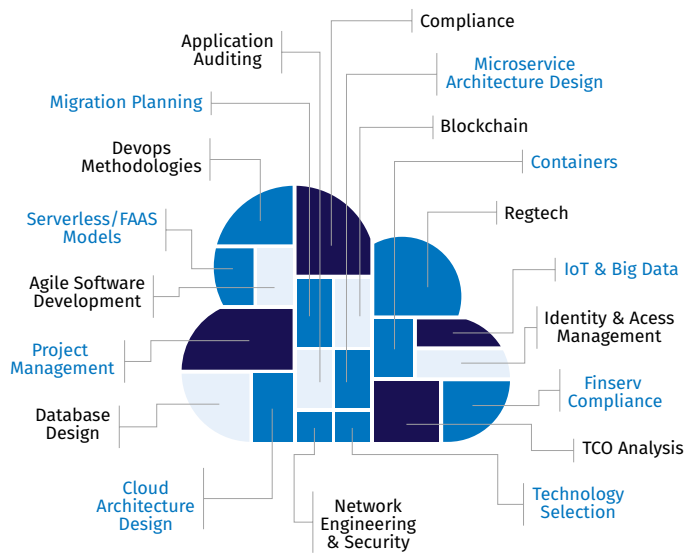
It's also critical to develop and institute a comprehensive organizational change plan to maintain this alignment, including the necessary executive updates, scheduled check-ins and reporting to keep key stakeholders looped in about progress and roadblocks.

Pitfall 2: Inadequate access to expertise and resources

Regardless of which technologies and deployment methods you select, ensure that you have adequate expertise (in-house or outsourced) to architect, migrate, operate, secure and optimize your apps. Failure to do so is perhaps the most common pitfall of all, and potentially the most costly.

According to a recent Gartner study, "Talent has now been recognized globally as the single biggest issue standing in the way of CIOs achieving their objectives." Similarly, enterprise businesses lose \$258 million — or five percent of global revenue — annually due to lack of cloud expertise. And 65 percent of IT pros believe they could be bringing greater innovation to their organization with the right cloud insight, according to a 2017 report commissioned by Rackspace in collaboration with the London School of Economics and Political Science.

A typical digital transformation project calls for expertise across many different areas:



For example, consider the process of architecture and migration. Bad architecture decisions can have a detrimental impact on performance and availability that may not be identified for years, or only after costly damage has been done.

Similarly, migrations always involve significant risk. Mistakes can result in lost data, hidden cybersecurity vulnerabilities or unacceptable disruption of day-to-day business operations. Unexpected technical roadblocks can grind the project to a sudden halt, disrupting the implementation plan, delaying deliverables and adding significant costs. Companies often approach Rackspace after attempting to execute migrations on their own and running into serious problems halfway through what was expected to be a straightforward project.

Lacking skilled resources is also a major problem after the implementation phase. Most companies do have access to highly skilled internal resources across a number of key areas; however, handling ongoing day-to-day infrastructure operations is usually not the best use of their time. In addition, because major transformation efforts involve shifts to new technologies, companies often discover skills gaps in their existing IT staff or partners.

Some important questions to ask:

- Do you have access to the people you need to best support your technology choices? Are you ready to plan and execute the requisite migrations?
- What about architecting and securing solutions on cloud platforms such as AWS, Azure or Google Cloud Platform? What about on private cloud environments?
- How about the specialized application-level expertise needed to optimize your web content management or ecommerce platforms?
- Do you have the in-house security skills and resources to ensure the secure operations of your IT organization during all phases of digital transformation?
- Do you have the skilled specialists required to handle ongoing operational challenges such as maintenance and database tuning?

- Do you have a clear understanding of how proposed changes to your infrastructure and application ecosystem will impact your compliance requirements?
- What new technologies will you need to incorporate to deliver the services your customers demand (AI, IoT, Blockchain)?

Based on these needs, where does it make sense to hire or train additional internal resources? Where might it be more cost-effective to engage a partner with a deep bench of certified specialists?

Failing to adequately answer these questions can sink an otherwise well-planned and well-executed digital transformation initiative.

Pitfall 3: Poor technology selection decisions

Because IT Transformation is, by definition, a sweeping reassessment of your entire IT organization, you'll eventually have to make a number of high-stakes decisions about which existing technologies you keep, which you don't, and which new technologies you adopt. Making bad decisions can have a devastating impact down the line.

One of the most common missteps comes even before the vendor selection phase: choosing the wrong deployment method for critical apps. Some companies, following the rush to the cloud, invest enormous amounts of time and resources in migrating legacy applications that might have seen better ROI if they had remained in a corporate data center. Others are too hesitant about offloading workloads that would benefit significantly from the economics and flexibility of the cloud. Others still are gun-shy about making the necessary investment to build a private cloud for their on-premises applications.

Digital transformation isn't just about moving applications to the cloud. It's critical that you understand the benefits and tradeoffs of each deployment model and develop a plan to ensure that each workload is run on the optimal infrastructure for its own unique requirements (cost, performance, security, etc.).

Example platform considerations

Private cloud-as-a-service minimizes some of the traditional trade-offs associated with on-premises DIY private cloud, including startup times, time to market, internal skills and the ability to pay only for what you use (with a pay-as-you-go option).

Private Cloud benefits vs. Public Cloud	Private Cloud tradeoffs vs. Public Cloud
<ul style="list-style-type: none">• Strategic flexibility (deployment options)• Data and Architectural Control• Compliance/Security• Superior economics (enterprise apps – 4 node clusters and up)• Easier migration to the Cloud• More likely to use open APIs / services	<ul style="list-style-type: none">• Requires more upfront planning• More expensive for small deployments under 4 node clusters• Slower startup time (minimized with pay-as-you-go PCaaS)• More internal skills (minimized with pay-as-you-go PCaaS)• Give up access to some public cloud only services (except VMware on AWS)

Although there are many resources to help you when it's time to choose among particular vendors, there are still a number of pitfalls. Many companies find themselves having to make difficult choices after realizing that a vendor they chose was a poor cultural fit, or lacked the technology-specific expertise they were looking for.

When you're selecting a key vendor or service provider, look for these benefits:

- A proven track record with certified expertise
- Contract and term flexibility
- An ecosystem of tools and services that add value
- Strategic partnerships that matter for your technology stack
- Global, end-to-end support (including support for critical applications)

When selecting a key vendor or service provider, keep an eye out for these potential risks:

- Vendor lock-in
- Integration issues
- Migration implications
- Legacy application challenges
- Keeping up with features and capabilities
- Security and compliance concerns
- Increased architectural complexity (e.g., multi-cloud)

Evolving IT with confidence

These are just some of the hazards we see in the course of working with customers across diverse industries on their digital transformation journeys. There will always be more, and you can't always predict them. However, if you follow best practices, plan your project carefully, conduct a thorough cost-benefit analysis, and choose your partners and providers against rigorous criteria, you can be confident that the payoff will be worth the risks.

When it comes to avoiding these pitfalls, the thing to keep in mind is that expertise is key. Having access to skilled experts who know the technologies you're dealing with and have experience negotiating similar projects in the past will reduce risk for any digital transformation project. It's also important to understand that the skills needed for, say, migrations, and the skills required for day-to-day management, are not usually the same. Understand your in-house strengths and gaps before you talk to vendors and partners.

Even though there isn't a single IT Transformation map that every company can consult, there are skilled guides out there who have seen it all. For example, at Rackspace, we provide you with access to experts to help at every step along the way, from planning and migration, to security and operational support. Think of us as experienced guides who know the terrain up ahead. We can get you to the cloud, help you optimize, and keep you current with ongoing adoption of emerging technologies — all while helping you avoid costly missteps. Remember, the climb is full of hazards, but you never have to go it alone.

To learn more about how Rackspace can help you reach your digital transformation goals, visit our website:

www.rackspace.com/professional-services/applications

About Rackspace

At Rackspace, we accelerate the value of the cloud during every phase of digital transformation. By managing apps, data, security and multiple clouds, we are the best choice to help customers get to the cloud, innovate with new technologies and maximize their IT investments. As a recognized Gartner Magic Quadrant leader, we are uniquely positioned to close the gap between the complex reality of today and the promise of tomorrow. Passionate about customer success, we provide unbiased expertise, based on proven results, across all the leading technologies. And across every interaction worldwide, we deliver Fanatical Experience™. Rackspace has been honored by Fortune, Forbes, Glassdoor and others as one of the best places to work.

Learn more at www.rackspace.com or call us at 1-800-961-2888.

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