DIGITAL TRANSFORMATION FROM IDEA TO REQUEST

May 10, 2021

Agenda

- **Why This Topic for a Podcast?**
  - Understand the decision-making process that a company goes thru when deciding to make an investment in a new project or program

- **Intended Audience**
  - Business strategy professional who needs to grow the business or optimize expenses within a company.

- **Idea Overview**
  - The who, what, where, when, why

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Idea Overview

- **What Problem are we Trying to Solve?**
  - Think 30 second elevator pitch

- **What is the Benefit of Doing the Project?**
  - Verifiable KPIs

- **Why Does it Need to be Done Now?**
  - Urgency vs. Roadmap

- **Who Does it Affect?**
  - Direct vs. Indirect Stakeholder
  - Organizational Change Management

- **How Much Will it Cost?**

- **When Will it be Done?**

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What is the Benefit?

- **Benefits should be based on quantifiable facts**

- **Bad Benefit example**
  - Increase car sales by ½% over the next 3 years
    - Great objective and likely the reason to do big projects, but too much can vary over the course of the benefit period to reconcile this project against this benefit

- **Good Benefit example**
  - Reduce call handling time by 30 seconds for a specific type of transaction
    - Good benefit in that it time-bounds the object in terms of human capital impact and the specific transaction allows you to quantity efficiency. (if we save 30 seconds for every extension call we take, and we process 10,000 a month, we should be able to save 300,000 seconds of effort, or 83 hours, or roughly half an FTE, by doing this project.
    - Reconcile the investment against that benefit
  - Reduction in IT costs because specific servers / services will no longer be required

Why Now?

- **Regulation / Legal Mandatory**

- **New Business Opportunity**

- **Current Process / System Impacts Productivity**

- **Current Process / System Impacts Financials**

- **Investment in Outdated Technologies**

- **Replacement of Outdated Technologies or Agreements**

- **Part of a Larger Roadmap Initiative that has Incremental Value on its Own**

Who Does This Idea Affect?

- **Dealers / Customers or Prospects / Employees**

- **Risk / Compliance / Legal**
  - New contracts; impacts to privacy; changes in operating procedures

- **Finance / Accounting / Treasury**
  - Benefits validation; budget impacts (project and new ongoing)

- **Human Resources**
  - Training; staffing project team and impacts to their backfill; possible retention plan for project team

- **Procurement**
  - New contracts

- **Information Systems**

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Information Systems

- Is there already a similar project in the portfolio or roadmap that requires consideration? How will this project be prioritized vs. others using similar resources?

- Quantifiable benefits such as reduction in RTB costs, application simplification or consolidation

- How will the project risk be managed?
  - Cost, time, resources

- Does the project have appropriate business resources assigned and allocated for success?

- Is the total cost (Capex and Opex) reasonable
  - Use of LCC resources? Ratio of onshore / offshore

- 3-year benefit should be at least 3X but preferably 4X total project investment;
  - Cost Reduction benefit is heavily weighted than Revenue Contribution or Cost Avoidance benefit

- Validate that the security controls are in place are in parity with the various requirements and best practices.
  - Verify whether prescriptive steps have been taken to improve security effectiveness.
  - Validate security across infrastructure and applications.
  - Security validation coupled with event detection and incident response services.
  - Validation of cybersecurity investment, identify and measure whether strategic gaps have been closed with strategic controls

- Assess and conduct cyber security benchmarks by third parties to validate. Move from unacceptable to acceptable risks. To involve functions and regions jointly and review quantity & performance of hardware and software.

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Information Systems

- Establish data ownership and protect data based on regulations and policies. For data that leaves internal systems ensure appropriate approvals from the data owner are sought.

  – Confirm the data architecture

- Ensure solution fitment and architectural standards, Operations compliance, compliance to EA strategy and guiding principles, etc.

  – Governance for the maintenance of list of software tools and components that can be used for building applications by the regions and NDH. It also covers the Research & Ideation on new technology.

- The solution fits within existing capabilities and will not impact the adoption of the common Global infrastructure standards

- The solution is available for production support in the expected timeline/location

- Validate whether the proposed solution impacts existing licensing or other operational costs.

Digital Point of View

Validation point of view	Description
Digitalization	Confirm the product/Project meets the strategic outcome of the business on the longer run and not an IT for IT initiative. Confirm the initiative adopting modern tools & techniques for solving problems. i.e., ML/AI, Analytics & insights, Prediction etc…
Product Mindset	Confirm the approach more towards a Product vs. Project? And have also considered what it takes to deploy in many regions. Have we evaluated or leveraged OOB solutions where applicable.
Speed	Confirm the team structured (both business and IS/IT) to deliver in an Agile fashion? Are MVP and sprints clearly defined? Confirm if DevOps is planned as part of migration.
Reuse	Confirm if we looked at all solutions, snippets, reusable code within the organization to save both time and cost. Will this initiative in any way contribute to the cause of reuse.
Talent	Confirm if the right Digital talent is on board according to the technology involved (UX, AI/ML, RPA, etc..)
Automation	Confirm if the business process is being leaned before automating the same.

Who is Doing the Work?

- **Vendor Due Diligence**

- Have the relevant stakeholders and vendor management groups actually been involved in the selection process?
  - These are your allies when looking at how a vendor will perform your project and beyond

- Validate the selection criteria used, consequent scoring and final selection
  - Is the scorecard used for the final assessment fair and meaningful to the project

- Validate any benchmarks used for finalizing cost
  - Understand costs of previous projects of similar investment if no idea whether the cost is appropriate

- Validate if this vendor/solution can be extended to a global scale in the future
  - If so, ensure that regional representatives have been involved and have signed off the selection

- If vendor is an existing vendor, validate their current performance feedback

- Validate any agreed contractual T&C's to ensure alignment to current scope of work

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How Much Will it Cost?

- **Project Cost**
  - Professional Services
  - Software / Hardware
  - Internal Staff if backfilling roles

- **Ongoing Cost**
  - Software Maintenance
  - Managed Services
  - Hosting Costs (Cloud vs. On-Premise)

- **X year TCO**
  - All in number for a company-defined period of time

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When Will it be Done?

- **Consider lead time for contracts.**
  - If new supplier, this will take a lot of time
  - Conflict in priorities within legal and purchasing organizations to support

- **Agile vs. Waterfall**
  - Install base product and configure via fit gap sessions?
  - Maturity of the business Agile adoption / Product Owner decision authority
    - If everyone learning Agile, add time
    - If Product Owner not really empowered, add time
  - Big Bang vs. MVP and Incremental Releases
    - Impact to benefits statement

- **How much Business Process Re-engineering will be done?**
  - Does current state assessment exist?
    - If it does not, is it worth doing given the time that could take
      - Adds risk of missing something in scope if current state not available

- **How are you training your teams and customers?**
  - Field visits, web-based training (prepare content)

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