

# Accelerating digital transformation on the road to a new reality

As businesses look beyond the immediate impacts of COVID-19, towards recovery and a new reality, it's time to adopt a connected enterprise mindset and accelerate digital transformation.

COVID-19 has been a catalyst for tactical digital transformation. Organizations had to react quickly to enable remote working, shift to digital channels and transform products and services to meet the changing demands of customers. The pandemic has forced organizations to urgently leverage new technologies and ways of working, implementing digital projects in mere weeks that would previously have taken months, if not years. However, there are concerns that these rushed, reactive initiatives may have addressed a short-term need at the risk of long-term success.

## A digital revolution is coming

As we fundamentally alter the way we live and work, once-simmering changes are now driving a digital revolution – whether your organization is ready or not. To compete in the new reality organizations will need to accelerate the adoption of new technologies to keep pace with existing and emerging competitors. However, to strengthen a long-term strategic position, addressing the new environment with a fragmented, disconnected approach is no longer an option.

Here are four clear signposts along the digital-revolutionary road:



**1. Merge:** While in crisis mode, functions frequently operate as silos – doing what they can to remain upright. This made sense as an immediate reaction because it takes time, energy, and vision to look at ecosystems across the enterprise, but it is that broader perspective that offers large, lasting improvements.

**Recovery response:** A functional transformation may include performance goals and value that work to the benefit of the function, but at the expense of the company. This lack of coordination might result in redundant investments, data fragmentation, or skewed priorities, and assuredly, result in companies not getting the most out of their digital investments. In fact, 79 percent of respondents in the Global CEO Outlook, say they are personally responsible for overseeing cross functional alignment in a way their predecessors were not.<sup>1</sup>

**New approach:** The early quick action worked for the short-term; now is the time to thoughtfully target and invest in capabilities for the long haul. In an ideal world, every change in technology and process would be customer-centric in spirit and impact. Data and insights would flow freely through the landscape, driving informed and bold decision-making and fostering new levels and patterns of collaboration.



**2. Cross roads ahead:** Customer behavior has changed, and priorities have shifted. Already demanding consumers are now buying more consciously and looking to digital channels to provide a smoother, more efficient customer experience (CX).

**Recovery response:** Companies are re-thinking their physical and digital environments to optimize the customer experience. Advances in disruptive technologies including artificial intelligence, data analytics, and machine learning are dramatically changing how companies remain relevant.

**New approach:** Fragmented digital infrastructure and lack of alignment between front, middle, and back office functions – from customer service, to supply chain and operations, HR and IT- cause disconnects. This impacts the ability of organizations to deliver a seamless CX and to be truly engineered for profitable growth. Examples of aligned digital technologies providing insights that improve the customer experience, as well as the bottom line, include: remote vital-sign monitoring (e.g., heart rate, blood pressure, glucose, respiration rate) that is revolutionizing patient care; contact tracing to provide a safe and healthy environment for employees returning to the workplace; AI-powered chatbots providing instant customer support and issue resolution; and IoT solutions that lower operational costs and improve productivity, while attracting and engaging customers.

**Further reading:** Learn how to approach that world by [embracing a connected enterprise approach to digital transformation.](#)

<sup>1</sup> 2019 Global CEO Outlook, KPMG International, Global statistic from 2019 Canadian CEO Outlook, KPMG Global



**3. Change ahead:** COVID-19 exposed serious fault lines in existing supply chain paradigms. It has become clear that there is a need to increase transparency and resiliency within the supply chain should a second wave of infection hit, or an entirely different global threat appear.

**Recovery response:** It took three months for the world to go into lockdown. Closing supply chains down was simple; starting them up again is more complex.

Ruptured supply chains demonstrated that recent ultra-efficient, just-in-time configurations, intended to reduce costs, also increased risk.

**New approach:** The pre-pandemic criteria of supplier segmentation – contractual service level agreements around (SLAs) performance and spend – suddenly carry less weight. Instead, criteria such as impact to critical business operations, flexibility of services, and innovative ideas are central to a new segmentation process.

Forward-looking companies are investing in predictive supply chain risk platforms that allow advance warning signals by using AI, big data, digital twins, and other enabling technologies. Additionally, current events have put pressure on infrastructure and global free trade, with many organizations changing their geographic footprint. They are using technology to replace traditional outsourcing labour arbitrage in an attempt to improve self-sufficiency and supply chain control, as well as generate savings.

### The opportunity to reset

The economic picture has been bleak since COVID-19 cases began to multiply. The risk for those businesses hit hardest is that behaviors learned during the coronavirus outbreak end up becoming entrenched. When the upturn does finally arrive, these businesses could remain fixed in a downturn mindset and miss the opportunity to rebuild for profitability.

Companies need to envision the future of their industry, and determine how to capitalize on the reset opportunities that the 'new reality' presents. This will almost certainly mean accelerating digital transformation.

A future-ready, connected enterprise can drive competitive advantage with an agile supply chain, an improved CX, and an aligned and resilient organization. The new reality will continue to evolve, presenting fresh opportunities and challenges. A digital organization will have the capability to quickly respond to those changes, prepared to face whatever comes next.



**4. Slippery road:** The expected long-term increase in remote working and digital offerings will require significantly more robust, reliable and scalable systems – with greater IT security to protect against cyber threats.

**Recovery response:** Many companies have simply transplanted old habits into a virtual environment, copying what was in place before the pandemic. This misses the opportunity to take a fresh look at processes and systems to consider the best approach to protecting critical services and assets.

Remote environments create unique challenges for security and data privacy. The sudden influx of remote workers left IT teams struggling to make quick, pressure-driven decisions, some of which put companies at risk.

**New approach:** In addition to the shift to virtual work, there's been further shifts to digital – from banking to classrooms to grocery shopping and yoga instruction. To support these massive trends, digital technology has become the critical lifeline for most businesses. There's simply no longer business strategy and technology strategy. There's just strategy, and technology is enabling it.

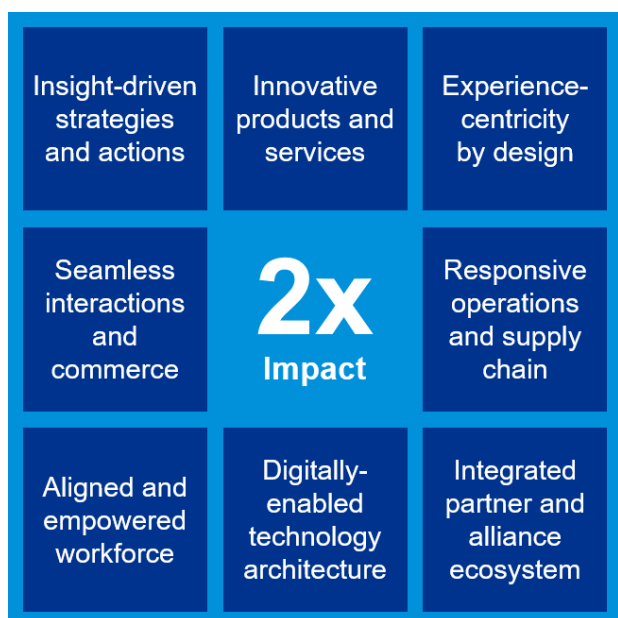
Consumers are increasingly handing over personal data, which elevates the need for privacy and security protection. This requires the traditionally siloed risk and security functions to be shifted upstream and embedded into the front end of the technology lifecycle.

### How you can accelerate the momentum

The future is about breaking down silos and getting connected. KPMG Connected Enterprise is a customer-centric approach to digital transformation that connects the front, middle and back offices. It focuses every process, function, and relationship of the organization on meeting customer expectations, creating business value and driving sustainable growth.

The approach defines eight clear capabilities of a Connected Enterprise. Research shows that firms that make a moderate or significant investment in all 8 capabilities are 2.1x times as likely to deliver CX that exceeds expectations, successfully execute on one or more customer-centric objectives, and achieve ROI on one or more metrics.<sup>2</sup>

For more on how to accelerate your digital transformation and build for the new business reality ahead, please visit: [KPMG Connected Enterprise](#).



<sup>2</sup> Base: 1,299 professionals involved with customer-centric strategy decisions  
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, September 2018

# Contact us

If you have any questions on how to accelerate digital transformation in your business or are looking to prepare your organization for the new reality, please contact us.



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