

### Business Essential Briefs: Digital Transformation

There are four core platforms of digital transformation and we will review them in this brief.

#### Process Transformation

As it implies, process transformation centres on improving the steps required to achieve a specific goal in a business process. If the route from A to B has too many unnecessary steps, duplicates functions or takes too long, your business is losing time and money. If it's customer-facing, you're in bigger trouble.

Successful businesses are constantly reviewing processes and looking at ways to make processes more efficient anyway. Digital Transformation can help get you there quicker and easier (in the form of processes, this usually refers to automating back-office functions).

It can be nothing short of revolutionary. Just consider how cloud-based accounting software (Xero etcetera) has streamlined SME finance departments or, at its simplest, how website chatbots act as the first port of call for customers. When did you last ring a landline to book your next dental appointment or take your car in for a WOF? Process transformation basically frees up your team to get on with other things, so the value is obvious.

#### Business Model Transformation

We all know the classic example here. It was Netflix that had the vision and the agility to switch from mailing DVDs to online streaming. Rivals Blockbuster failed to make the transition, and the rest is history. In start-ups, you might call it "pivoting", but it's a little more involved than that because it involves making fundamental changes to business operations.

SMEs tend to be more fluid than large corporations. They can respond quickly to market opportunities and commercialising innovation through new business models, so looking at digital transformation is a wise move.

The beauty of using Digital Transformation ("DT") to improve, enhance or revolutionise your business model is that it works on the multi-level. Yes, you create a "better" business model, but giving customers something different, or the very same, but in a "new" way, tells your audience that you're reacting to their needs; ecommerce loves DT for this very reason. It helps them quickly identify changes in customer behaviours, spending patterns, product choices and more.

#### Domain Transformation

Domain transformations occur when one business is able to slide into another area successfully. Amazon, for example, added its own streaming platform (Amazon Prime), as well as Amazon Web Services (AWS).<sup>7</sup> Demand Jump

In short, it's a product extension of your current offering and is often overlooked. Yet domain transformation currently offers one of the most significant opportunities for company growth.

Again, this isn't so much about pivoting but taking advantage of your presence in your industry or market, and piggybacking off that. For the SME, this might be an agriculture parts retailer, who opens a rental service to supplement its sales lines.

## Cultural and Organisational Transformation

Organisational transformation involves changing every employee's mindset, attitude and behaviour (at both ownership and ground levels) so that they are open to digital transformation. The benefits are that it de-centralises decision-making and develops new methods of collaboration so that technology is truly aligned and embedded in the company to help it to achieve its goals.

With an understandable focus on products, services and processes, it's easy to underestimate digital transformation's value in creating a "digital-first" people and organisational culture and the effect it can have in redefining an organisation.

This kind of transformation's success is easier if a strong company culture already exists. Businesses that work flexibly, experiment, innovate and encourage input from the very top and the bottom of the business will benefit from DT.

Consider how since 2020 we have shifted the mechanics around how we work, where we work, how we communicate, even how we store confidential company information. Digital technology has been the driver behind every Teams chat and Zoom meeting.

To get a copy of the Icehouse Insight – "**Digital Transformation for SME's – Revised Edition**" click on the link [HERE](#).

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