IDC

Transformation of Workflows via a Platform Approach Is Inevitable for Sustained Organizational Resilience

White Paper

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Executive Summary

More than a technological shift, digital transformation (DX) represents a cultural change for an organization regardless of its size, nature of its business, or the industry it belongs to. DX impacts both, IT departments and the business units that interact with customers, suppliers, and government authorities.

Developing a broad and deep view of DX — one that keeps the customer at the center and leverages workflows to connect the customer to the organization — can substantially improve the potential of digital initiatives. Although individual workflows may not be interconnected or interdependent, all should serve the organization's common goals (with respect to customer satisfaction, organizational sustainability, financial performance, and employee contentment). In this context, leaders must gain totality visibility of workflows to discover bottlenecks that hamper performance.

Business resilience ensures sustained organizational growth, even during uncertain times. Resilience is about building the capacity to rapidly respond to changes and minimizing the impacts of unplanned disruptions. Resilience is incomplete without being critically aware of weak links and having plans to address them. Organizations must be cautioned that today's smooth processes can become tomorrow's bottlenecks. After examining DX from IT and line-of-businesses perspectives, IDC has concluded that all team members have distinct roles to play in building resilience.

While a fragmented, siloed approach can provide an organization with short-term success, it cannot assure sustained growth. A collaborative approach, though potentially tedious and time-consuming, is a proven path to building a resilient organization.

The careful study of workflows is vital to developing a structured, process-driven view of an organization's transactions. A study of underlying technologies can also help organizations gain a comprehensive and enterprise-wide view of workflows. Technological tools like cloud, artificial intelligence (AI) and machine learning (ML), robotic process automation (RPA), and edge computing are disrupting the traditional methodologies of building products or rendering services. For example, AI/ML and RPA are eliminating redundant or unnecessary processes and associated workflows.

The transformation of workflows into more productive and useful varieties involves the elimination of redundancies. Like AI, cloud is enabling this transformation. Cloud provides developers and technical experts with more options for performing their tasks. Infrastructure modernization initiatives are also influencing the applications landscape, triggering disruptions across sectors. CDOs and CIOs are consequently reviewing on-premises operational/business support systems (OSS/BSS). They are exploring cloud options that make commercial sense and prevent business discontinuity.

IDC has observed that customers in the Middle East and Africa (MEA) are increasingly taking a platform approach to meet their technology needs. Instead of relying on standalone solutions, customers in these regions can now deploy a single platform that provides a unified view of the health and performance of assets, including applications, security, network appliances, IT hardware, and Internet of Things (IoT) devices.

This white paper highlights key trends that are shaping DX in the MEA region. It addresses the importance of taking a holistic view of workflows, keeping in mind the organizational goals at the root of DX initiatives.
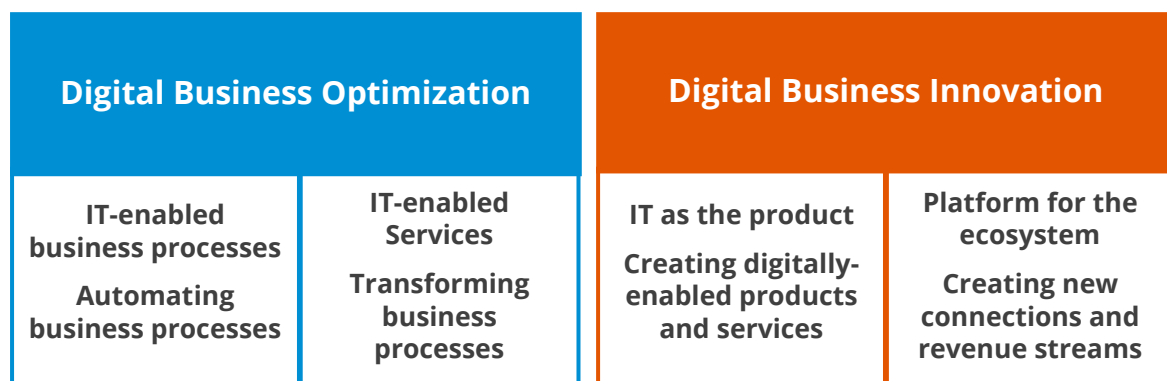
State of Digital Transformation in MEA

IDC defines DX as the act of transforming an organization into one that can scale all or part of its operations and innovate at a pace an order of magnitude greater than traditional businesses. Digital organizations are driven by customer-centric and empowered workforces that embrace risk taking. Digital organizations also seek to continuously innovate. Technology and data are the organization's lifeblood, fueling more efficient operations, establishing new revenue streams, and boosting customer loyalty.

IDC forecasts that products and services from digitally transformed enterprises will drive more than 50% of worldwide gross domestic product (GDP) in 2023. More than two-thirds (67%) of global 2000 companies are forecast to be high-performance, large-scale producers of software-powered digital innovations by 2025. A recent IDC survey found that 55% of organizations in the MEA region are advancing their DX initiatives by a year or two to meet the rapidly evolving needs of their users. These trends indicate that the ability to rapidly innovate is a core competitive requirement.

DX is enabling innovation across industries. Within the broad spectrum of DX, organizations tend to pursue activities across two key dimensions: digital business optimization and digital innovation.

Figure 1: Digital Business Innovation

Digital Business Optimization		Digital Business Innovation	
IT-enabled business processes **Automating business processes**	**IT-enabled Services** **Transforming business processes**	**IT as the product** Creating digitally-enabled products and services	**Platform for the ecosystem** Creating new connections and revenue streams

Source: IDC, 2021

Leading organizations in MEA have launched a range of DX initiatives (e.g., to improve IT-enabled business processes and services). As these projects progress, the focus of DX will logically move from business improvement to business innovation.

In the past decade or so, the 3rd Platform technologies of cloud, mobility, social media, and Big Data analytics have facilitated automation and transformation. More recently, DX has been accelerated by the emergence of AI/cognitive systems, blockchain, and IoT. The combination of 3rd Platform technologies and innovation accelerators has enabled use cases and engagement models that were previously not possible. These technologies are shaping the future of business operations, work, and software development (especially in terms of customer-facing web portals and ecommerce apps).

To enable DX, organizations are rapidly shifting their technology consumption models toward cloud. By the end of 2022, more than 90% of enterprises worldwide are expected to rely on a mix of on-premises/dedicated private cloud, public cloud, multi-cloud, and legacy platforms to meet their infrastructure needs. IDC notes that cloud-based application development and testing platforms are disrupting traditional software development methodologies.

As the digital needs of clients evolve, organizations must continually reexamine their application development and maintenance methodologies to stay competitive. Disruption and evolving complexity impact skills, scale, and innovation. Therefore, it may not be feasible to create and sustain all technological capabilities in house. This environment of uncertainty requires significant flexibility to rapidly scale up or down and adopt new technologies.

Cloud: The New Foundation for Innovation and Digital Transformation in the Middle East

Cloud is increasingly becoming a springboard for innovation, particularly as clients discover the potential of the technology to accelerate digital initiatives and deliver much-needed resiliency. For many companies, the COVID-19 crisis rapidly pushed the cloud conversation from aversion to adoption. Many organizations decided to adopt cloud to ensure business continuity and respond to the uncertainty of the pandemic. In the MEA region, organizations in the UAE, Saudi Arabia, Qatar, and South Africa have led the way in leveraging cloud to accelerate time to market and respond to quickly evolving customer needs. IDC has observed a steady evolution of hybrid cloud ecosystems in these countries, with organizations in a range of industries adopting a mix of public cloud and private cloud solutions.

Cloud adoption in MEA is broadly at the discovery, evaluation, and pilot stages. However, more complex workloads (e.g., business-critical applications) are gradually finding their place in public or private clouds. IDC predicts that 80% of organizations in MEA will eventually utilize more than one cloud. Many are expected to expand their cloud deployments over the next 12–18 months.

Cloud: The New Springboard for Innovation

Attitudes toward cloud adoption vary by country and region. For example, IDC has found that 65% CIOs in Saudi Arabia regard cloud as foundational for DX. In contrast, less than half of CIOs in the Middle East, Turkey, and Africa (META) region see cloud as foundational for DX or believe cloud drives innovation.

Cloud is seeing accelerated adoption due to market forces — customers, suppliers, and technology vendors are pushing organizations to rapidly innovate. The limited functionalities of on-premises options are driving more than one-third (37%) of organizations in META to consider cloud. Nearly half (46%) of CIOs in META believe that cloud enables the provision of agile responses to internal and external customers. Leveraging cloud to boost employee productivity — especially the productivity of employees working remotely — is a priority for one third (34%) of organizations. Government also plays a key role in cloud adoption. More than one third (35%) of CIOs in META say that the establishment of clear cloud regulations would accelerate their adoption of cloud solutions.

Fig 2: Cloud: The New Springboard for Innovation
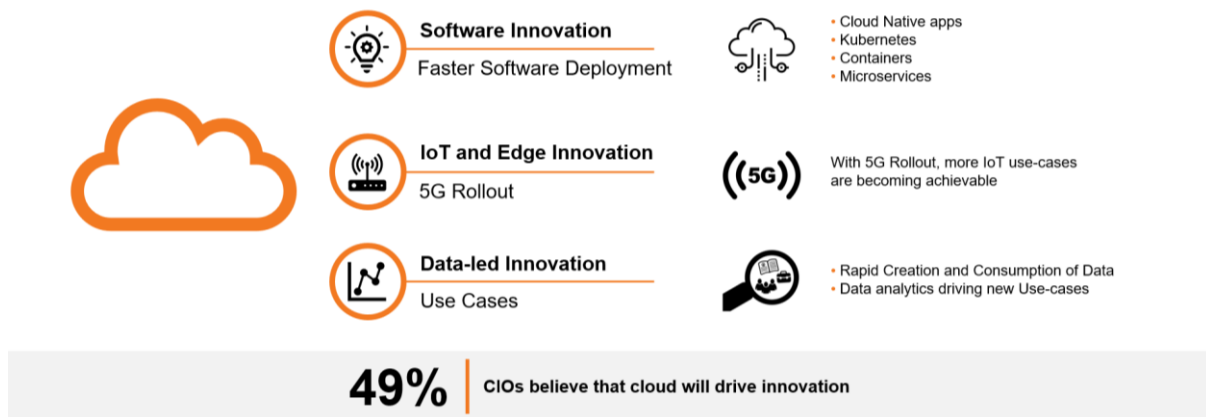
Source: IDC CIO Survey January 2021, META; N = 841 (100+ employees only)

Accelerated Application Modernization Using Cloud

IT infrastructure modernization initiatives — such as rearchitecting (i.e., revamping existing enterprise architecture), refactoring (making component-level changes in the IT architecture), or replacing monolithic legacy applications with cloud-native apps — are surging in the Middle East. In the META region, 43% of CIOs are planning rehosting initiatives (or lifting and shifting traditional applications and/or infrastructure from on premises to cloud).

Rising Expectations from Technology Vendors and Systems Integrators

Cloud adoption is changing CIO expectations of technology vendors and partners. More than half (56%) of CIOs in META expect vendors and partners to provide stable customer support and service, and 37% expect their partners to have deep expertise in technologies like AI, RPA, blockchain, Big Data analytics, and cloud. Many CIOs expect their partners to help them strategize their cloud journeys and assist with innovation. Nearly one third (32%) of CIOs expect their partners to have rapid intellectual property (IP) innovation and creation capabilities.

The IT estates of most organizations include costly legacy applications and on-premises infrastructure. Many companies are thus choosing hybrid ecosystems when implementing DX. To manage their hybrid clouds, these companies are prepared to develop in-house expertise or partner with trusted technology vendors or systems integrators. Organizations are selecting hybrid cloud vendors based on their techno-commercial abilities and readiness to guide digital journeys. They positively regard vendors that can seamlessly interoperate workloads and help realize the business benefits of cloud investments.

Below are the industries in which cloud is having a significant impact:

Telecommunications

1. **New revenue streams:** Virtual marketplaces and new business opportunities, especially IoT use cases combining cloud and connectivity; bundled offers of software as a service, colocation, and connectivity solutions

2. **Business transformation:** Core telco network transformation using cloud platforms, and greater agility in customer-facing processes through cloud-based app modernization initiatives

3. Cloud delivery model for telecom services

4. Cloud-based contact center solutions to rapidly support customer queries

Finance and Insurance

1. Rapid onboarding of business continuity applications

2. Digital branches and smart kiosks

3. Rapid rollouts of new financial products

4. Cloud-based contact center solutions to rapidly support customer queries

Manufacturing

1. eCommerce, mobile apps, and cloud-native web application development for rapid deployment

2. Supply chain optimization, dynamic ordering, and route planning using cloud

3. Assertive sales and promotional campaigns based on customer analytics, purchasing behavior, and response to previous campaigns

Retail and eCommerce

1. eCommerce, mobile apps, and cloud-native web application development for rapid deployment

2. Supply chain optimization, dynamic ordering, and route planning using cloud

3. Assertive sales and promotional campaigns based on customer analytics, purchasing behavior, and response to previous campaigns

Education

1. Large-scale access to learning management solutions using cloud

2. Scalability using cloud-based infrastructure

3. Acceleration of the rearchitecting and modernization of legacy learning applications using cloud

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The Platform Approach to Business Operations: Imperative for Innovation

Interviews with IT directors, CIOs, and CDOs provided IDC's research team with useful insights about organizational approaches to the simplification and streamlining of business workflows.

It may seem straightforward to ask human resource managers about leave balances, work-from-home policies, or compensation-related questions. Similarly, a question to a system administrator about something as basic as a laptop or a software tool seems simple. Depending on the role of an employee, multiple workflows are usually triggered to address such requests. One system to log service requests and incidents, another software system to track material shipments, and a third system to handle analytics, reporting, and dashboards often create complexities across organizations. When technology-led complexity rises to a level that overwhelms users, the value of technology investments diminishes. It is therefore crucial for organizations to commit to making user experience a core consideration when deciding on internal technology systems.

IDC's worldwide research on enterprise resiliency and technology spending shows that customer satisfaction (43%), operational efficiency (40%), and innovation (40%) are the top three priorities for CIOs. Profit, cost savings, and revenue growth were the fourth, fifth, and sixth priorities. IDC research shows that technology-led innovation is another top priority in the MEA region. Nearly two thirds (63%) of CIOs in the region plan on investing in technology to revamp business operations, including reengineering processes (where needed), and improving operational efficiencies. Nearly two thirds (63%) of CIOs in MEA are considering leveraging technology to drive innovation — 39% of these CIOs reported that they have "silos of innovation" because departments drive their own initiatives.

An end-to-end or 360-degree view is important when designing processes and organizational workflows. While it may not be possible to obtain such a view in every situation, IT leaders should strive to streamline as many workflows and processes as possible.

The unified view of processes and workflows that a platform offers greatly simplifies this task. A holistic view of the business workflows across functions and lines of businesses informs teams about which areas require attention and reveals the processes that are working well. In contrast, a siloed approach to managing business workflows via multiple applications and windows can erode user experience, reduce employee productivity, and create islands of successes and failures. A system that is widely accepted can contribute to organizational success, and users may resist moves to replace it. However, users may choose to blame a failing system for shortcomings in their performances, rather than other factors.

Innovation is a collective responsibility. Each stakeholder in the organization has a role in making innovation an ongoing endeavor.

A user who does not have to worry about IT systems or complicated workflows is more productive and better prepared to focus on core responsibilities. With smooth business workflows and IT systems, organizations can devote more resources to introducing new products/services, improving customer service (and thus enhancing their Net Promoter Scores), developing new revenue streams, and exploring new marketplaces and virtual platforms.

About ServiceNow

IDC had the opportunity to discuss perspectives on effective IT services management, workflow management, and platform approaches to operations with ServiceNow and a few of its customers in the MEA region.
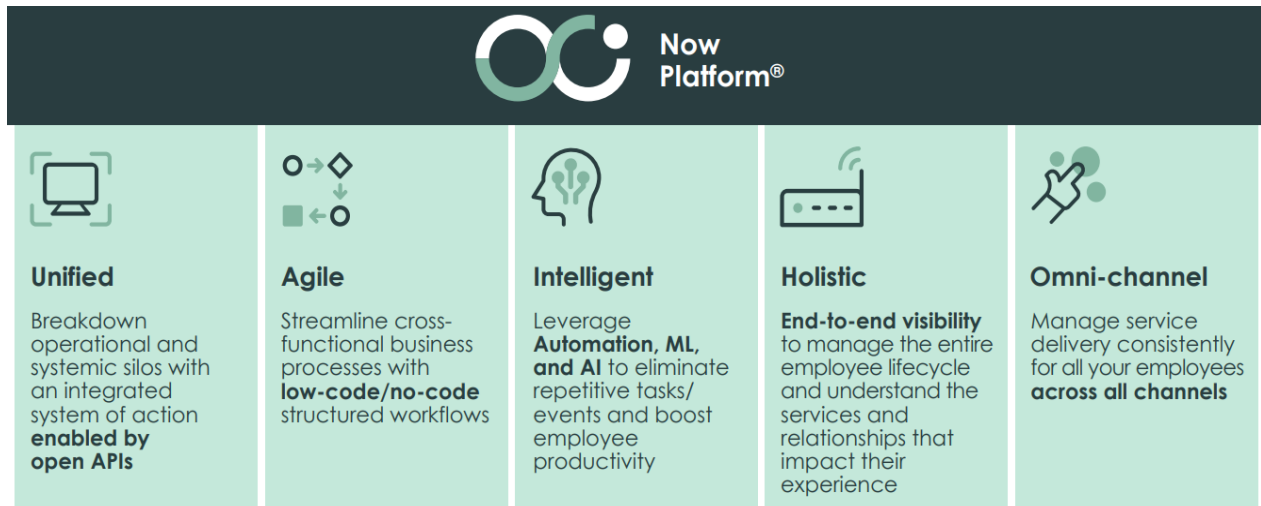
Source: ServiceNow

ServiceNow's business strategy is based on its core principle of "making work work better for people." ServiceNow informed IDC that its goal is to help customers develop modern digital workflows that can be used seamlessly across multiple applications. Organizations that develop such workflows benefit from enhanced user experiences on IT systems and improved employee productivity. ServiceNow's "platform of platforms" approach uses AI and intelligent automation to support clients that depend on legacy systems from different technology vendors.

IDC interviewed a few ServiceNow customers to study how the company is helping them transform their businesses through its various solutions. One of the participants is a beverage manufacturer in South Africa. This manufacturer has more than 4,000 employees and business operations in 16 countries. The company used to struggle with extreme volumes of paperwork, especially while onboarding and offboarding employees. The company also used to take a lot of time in responding to employee queries.

> *"We had a lot of paperwork for onboarding process (e.g., for medical checkups). Our employee onboarding process required more than 100 pages of documentation that the candidate had to fill, scan, and upload.*
>
> *With ServiceNow's HR solution, we eliminated these hand-written forms. This has minimized the error rate to zero, eliminated delays, and increased the accuracy in hiring and onboarding. We are also able to reclaim assets faster once an employee exits the company."*
>
> *— HR Manager,*
> *One of the largest beverage manufacturers in South Africa*

COVID-19 posed a great threat to this company, since it depended on employees working from their offices and factories. Fortunately, ServiceNow's HR platform enabled employees to reserve cubicles, track vaccination statuses, and fulfil other requests through a web site and mobile app.

The HR leader highlighted how the company is on a constant innovation journey, especially with respect to HR-related business processes. The company can try out new features and functionalities that are available through a cloud-based HR module. While it may not be feasible for companies to adopt every ServiceNow feature, they can nonetheless accelerate their innovation agendas by following best practices from organizations across the world.

Another ServiceNow client that IDC interviewed is a leading university in the Middle East that has 15,000 students and around 2,700 teaching and non-teaching staff members. The university's IT team ordinarily handles around 1,000 service requests (SRs) each month. However, during exam periods, there can be as many as 1,200 SRs per month.

The university's IT director told IDC that the IT team previously struggled with using multiple legacy systems to log issues, track resolutions, approve workflows, and report the status of an issue or incident on time. The existing system did not have the flexibility to incorporate process and rule changes. It was virtually impossible for team members to finish a day's work and leave their offices early.

> *"The platform unifies the experience of our users. The stages of a request are much clearer, thanks to ServiceNow. A single request is enough for our technical staff and end users to know that the request has been registered. Users now have better visibility."*
>
> *— IT director at a leading university in the Middle East*

The IT director realized that the solution was to automate as many manual and repetitive processes as possible — the implementation of a holistic system was thus necessary. ServiceNow technical experts were called to assess the university's needs and create a detailed plan for them.

The adoption of ServiceNow's "platform of platforms" enabled the university's IT team to reduce the number of SRs it dealt with monthly. The platform also reduced the number of redundant SRs that had clogged the old system. As a result of using the automation capabilities of ServiceNow's systems, the IT team has surpassed its service-level agreement goals for almost one year.

IDC also interviewed the IT director of a leading oil & gas organization that uses ServiceNow's platform. The conglomerate had a very complex IT landscape spanning 15 subsidiaries, each with its own solutions. Because there was no standardization, the IT team at the conglomerate's headquarters struggled to obtain a single view of IT asset availability and SR resolutions. This lack of visibility led to higher costs. For example, the group repeatedly purchased IT assets without exploring whether assets could be consolidated or negotiating bigger, better deals with vendors.

Since each group company had its own email solution, correspondence, consolidation, and integration were challenging. The IT director informed IDC that the team eventually identified 10 applications that required consolidation. Redundant systems were subsequently retired in phases to avoid business disruption. The

team also wanted a scalable platform that would support more employees and contractors and make the addition or deletion of users less cumbersome (earlier systems could support just 3,500 employees and 2,000 contractors). After implementing ServiceNow's monitoring platform, the company retired most of its legacy monitoring solutions. It is now able to support up to 60,000 users.

The company has received substantial benefits from its engagement with ServiceNow. One major business benefit has been improved employee performance visibility — employees can now see how they and their departments are performing against peers. Industry-standard metrics are also helping the company compare employee performances with those of global counterparts. In addition, the company is contributing to global benchmarks that standardize responses to resolution of service requests. Senior management can view employee performance and work progress in a single window.

Now that IT operations are streamlined, the company has turned to automation initiatives. It has pursued infrastructure automation by integrating ServiceNow workflows with VMWare. The company has also automated the creation and approval of mailboxes and Active Directories.

This transformation has improved user satisfaction, led to substantial cost savings, and reduced SLA breaches. In addition, the IT team has been able to free up user bandwidth. Team members are now attending online courses and seeking new certifications — in fact, more than 2,000 employees across IT and business departments have completed IT Infrastructure Library certifications in the last year.

> *"One of the major benefits for a complex organization like ours is a universal service request. This has greatly helped us fulfill user requests faster. The ServiceNow platform has become an irreplaceable asset of our IT landscape."*
>
> *— IT director of a leading Middle East oil & gas organization*

Essential Guidance

Building a crisis-proof organization is a collective responsibility where every stakeholder needs to contribute at every stage. The following are a few recommendations that organizations should consider before embarking on an enterprise-wide transformation:

- **Conduct a gap analysis**. New requirements emerge across various lines of businesses over time. Finding out the areas that need process simplification and technology modernization will be essential before pursuing any change.

- **Create an enterprise-wide plan but take a phased approach**. It is important to have a complete view of business needs, keeping in mind organizational goals and objectives. A "big bang" approach to any large-scale transformation can disrupt operations and meet employee resistance. Achieving "quick wins" and executing the plan in a phased manner will be important. In this context, a technology platform that simplifies various business processes and avails simple yet secure access to multiple systems through a unified view should be implemented.

- **Conduct a thorough techno-commercial evaluation of various platforms.** The platform approach to modernizing workflows goes a long way in helping an organization achieve key metrics. It is important to exhaustively evaluate all available solutions and platforms before settling on one. This evaluation should include techno-commercial criteria. Ideally, the commercial criteria should cover deployment options (cloud and on-premises), the total cost of ownership, availability of partner ecosystems, and unit prices. The technical component should examine the technical fitness of the solution, the solution architecture, the alignment of the solution with the business requirements, and the vendor's future road map for the product.

- **Involve stakeholders early.** This approach has been shown to maximize the ROI of complex process transformation initiatives. Involvement of key stakeholders in the early phases of a project reduces resistance and improves the likelihood of success. A project team can incorporate ideas from external stakeholders before launching an initiative.

- **Critically assess use cases and workflows.** While an implementation partner's team would come up with use cases and workflows that need to be implemented, organizations should make sure that their project teams critically assess the proposed use cases or workflows. They should also ensure that these cases align with their present and future business needs.

- **Implement structured program governance.** Enterprise-wide transformation is easier said than done, particularly as many users may not support change. It is thus important to conduct structured program governance meetings to monitor progress, flag risks, and ensure successful delivery and achievement of the desired goals.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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