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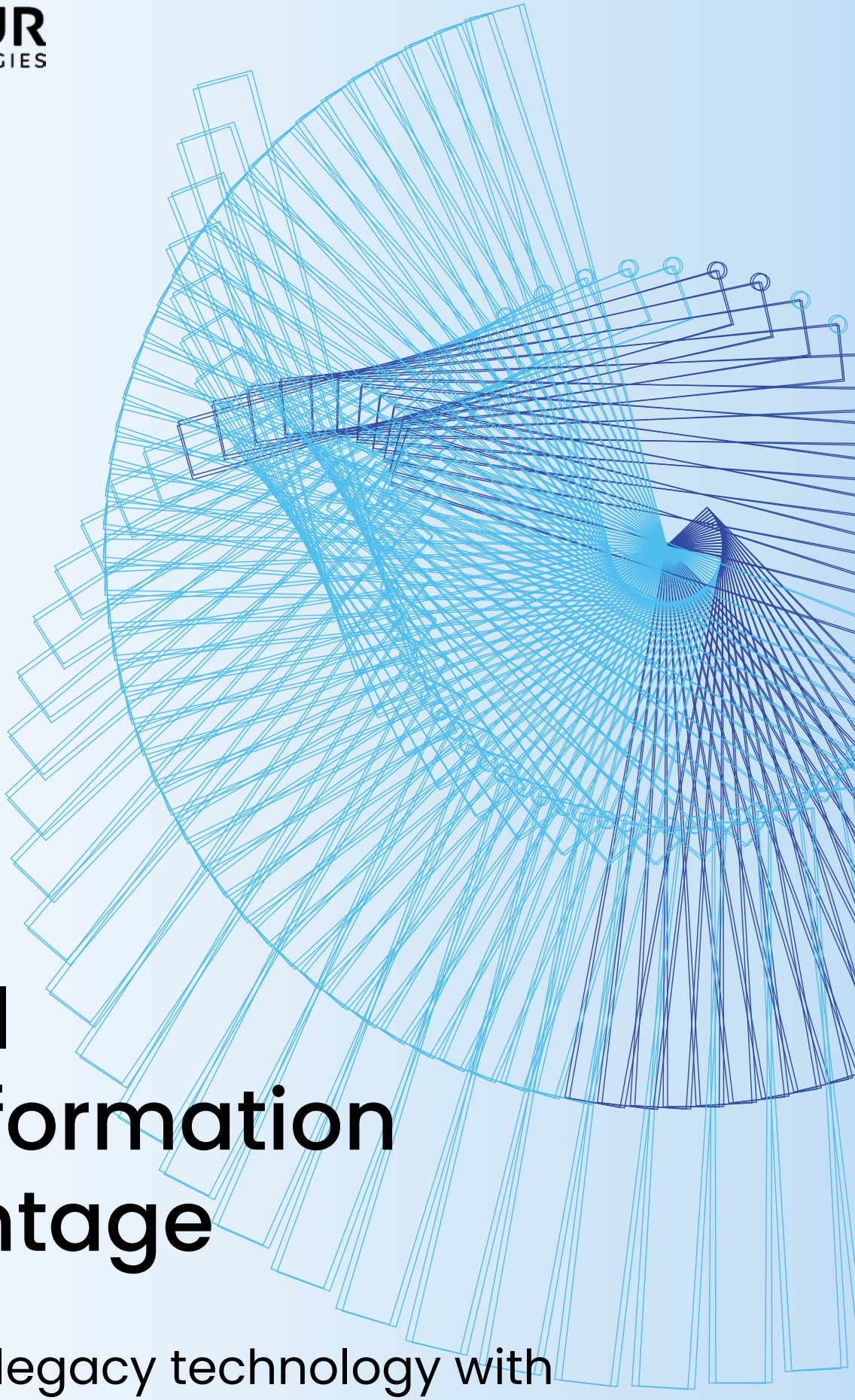

Digital Transformation Advantage

Replacing legacy technology with Intelligent automated systems for cost savings and operational efficiency

Introduction

It has been well-publicized that the pandemic fueled the need for companies to digitally transform their enterprise to improve their customers' experience. On a larger scale, digital transformation helps companies adapt their business models, provides the infrastructure to build digital maturity, and improves revenue while reducing inefficiencies.

The business world is now divided into digital leaders and laggards, and those who are investing in intelligent automated systems that include cloud technologies, mobile applications, and low-code application development are building resilience against future economic turns.

Digital transformation is a top priority

Digital transformation is a top priority for organizations, with **87%**[1] of senior leaders agreeing it is a corporate focus. Over 90% of companies now have digital initiatives, but many are having a difficult time executing their plans and only **40%** have reached scale. In the meantime, companies are spending over $4 trillion[2] on these initiatives.

Getting the most out of those investments is critical to digital transformation success.

For example, **Forrester estimates that 20%[3] of the Fortune 500 may not survive the current year because they are focusing on digital simplification and consolidation instead of digital transformation.**

Digital transformation is imperative for survival. So what are companies doing to combat industry competition and a once-in-a-lifetime cultural and economic shock?

The worldwide demand for digital transformation

Digital initiatives are now coming from business departments outside of IT, according to Gartner Research[4], with enterprise software spending rising **10.8%**. As one leader described digital transformation, it is now about "fully participating in business value delivery."

These investments are no longer considered overhead. Now, they're initiatives that drive revenue and enhance value propositions. Worldwide, investments in enterprise software show some of the highest increase at **10.8%** for 2021 and **10.6%** for 2022. Banking, insurance, and securities industry IT spending is returning to pre-pandemic levels, while retail and transportation will be delayed until 2023.

Overall, the digital transformation industry shows **23%**[5] CAGR from 2019 to 2025, adding $100 trillion to the worldwide economy. Platform-driven interactions will account for two-thirds of this growth as more companies ramp up their investments. Nearly **90%** of companies have or are planning to adopt a digital-first business strategy, but **45%** don't believe they have the right technology in place. In addition, research indicates that **40%** of executives target improved operational efficiency as the primary goal of digital transformation, followed by speed-to-market (36%) and improved customer experience (35%).

Digitally mature companies have better financial performance

The driving force behind digital transformation is not just about upgrading to meet current needs. It's also about investing in solutions that transform how businesses operate in the market.

However, developing a digital transformation strategy is a delicate process. As such, BCG Consulting[6] recommends that companies don't start from scratch but instead keep three goals in mind for digital transformation initiatives:

- **Incremental** — Enacting change in incremental steps is important because doing it all at once is too disruptive and can cause more problems
- **Cost-effective** — Ensure your investments optimize costs while remaining affordable
- **Sustainable** — Tech solutions should meet current enterprise needs and be sustainable in the long term

At the heart of a digital transformation initiative is data transformation. Using existing data is cost-effective, but it is often hidden in existing applications and can require reconfiguring for future applications. Designing a road map is also critical, as is ensuring that it aligns with business goals and outcomes. Organizational change will also be required for any transformation-driven organization, as it must focus on agility and resilience instead of traditional silos and hierarchies. Meanwhile, clear goals and focused efforts increase not only business performance but digital maturity.

The payoff for firms willing to invest in digital transformation is that it makes them a more digitally mature organization, one that is positioned for growth and higher revenue. For example, this Deloitte[7] study found consistent results, across industries, for digitally mature companies who received a positive business impact from their investments.

DIGITAL MATURITY	NET REVENUE GROWTH	NET PROFIT MARGIN
Low Maturity	15%	15%
Medium Maturity	31%	31%
High Maturity	45%	45%

Digital maturity affects the enterprise by reducing inefficiencies and related costs, improving revenue and customer service, enhancing product quality, and setting the stage for future innovation. Increased sales and a higher customer lifetime value are also regularly related to the digital maturity of an organization.

Intelligent automated systems support new business models

Data analytics improve the customer experience by helping companies understand and quickly respond to customer behavior patterns. Contactless applications are just one of many solutions deployed to serve customers quicker and more safely. For example, creating a frictionless buying experience, offering personalized marketing, gathering Internet of Things sensor data, and deploying other technologies will help companies collect data and quickly respond to market changes.

Market disruptions have changed existing business models, with established brick-and-mortar companies adapting to click-and-mortar strategies. The pandemic then further fueled a widespread, desperate need to create technology-enabled business models that could rapidly respond to market changes and efficiently deliver solutions. In response, businesses are embedding technology that will help them react to changes in existing business models and manage and respond to disruptions more easily.

The customer experience is just the start. Intelligent automated systems[8] will replace today's labor-intensive applications, speeding up time to market while reducing repetitive tasks that eat at the bottom line.

This advanced technology is necessary to support ever-changing business goals and an ever-evolving market. Digital leaders who invest in that technology today will more easily adapt to future disruptions, having already deployed advanced tools that enable successful change. Defining and deploying this "digital ambition" will help leaders align technology with emerging business models more easily using advanced cloud-based systems that connect applications, building an infrastructure that connects services, data sources, and diverse users.

Uncovering hidden costs

Deploying advanced technologies is expensive, but **30%**[9] of digital leaders invest upwards of $10 million per initiative, whereas only 10% of digital laggards invest that amount. As a result, the pressure for quick deployment and return on investment has never been greater, pressuring technology leaders to align with business objectives and rapidly deploy applications that provide substantial value across the organization and customers.

Hard costs are relatively easy to define and necessary to prove technology investments. Hidden costs of existing systems are more challenging to define but will help demonstrate the true return on investment. These hidden costs include:

- Legacy system costs such as issue escalation, upgrades, bugs, licensing
- Manual systems such as data entry errors, human error, communication times to resolve
- Project costs such as production costs, product complaints, project overruns
- People costs such as lack of training, change management bottlenecks

The push for new digital investments is often countered by legacy system costs that delay forward movement. The “if it ain’t broke, don’t fix it” excuse is now the motto for digital laggards. Digital leaders must be willing to make the investments, commit to organizational change, and relieve the organization of the hidden costs that prevent market advancement.

Operational inefficiencies derail transformation

Transformation-driven solutions are the reason behind current multi-trillion dollar investments in technology. However, as companies invest in these solutions, they continue to hit roadblocks that prevent them from realizing the full potential of their investments. These roadblocks result in a backlog of operational inefficiencies that keep the company from moving forward. Traditional inefficiencies include inefficient daily workflows, cultural change resistance, and outdated technologies that have:

- **Complexity** — Solutions are complex, and they may not have the bandwidth necessary to deploy solutions.
- **Legacy system culture** — The organization is attached to current legacy systems, including the data structures, ownership, and workflows that support them.
- **Outdated processes** — The organization may have embedded functions that are the source of hidden costs, driving down productivity and producing bottlenecks that impact the customer experience.
- **Speed to market delays** — Organizations can get delayed when deploying solutions. Lack of customer data, lengthy product development processes, and internal weaknesses can prevent successful market solutions.
- **Talent** — Tech leaders must create the infrastructure necessary to deploy digital transformation solutions. However, they may not have the internal talent needed to support legacy systems while simultaneously building new solutions. The current job market can also prevent tech leaders from hiring the talent they require for short and long-term needs.
- **Lack of automated tools** — Tech leaders are challenged to accelerate technology development and deployment but may not have access to the automated tools that help them deploy solutions on time.

Businesses desire to transform their organization, have the funds to deploy market-ready solutions, but face internal barriers that prevent deploying advanced technologies.

Delivering value-based solutions rapidly while meeting business objectives will be an ongoing challenge for even the most forward-thinking technical leaders.

The legacy systems dilemma

Companies can no longer afford to be married to legacy business systems that present strategic, financial, and technical challenges. While they may depend upon them for current daily business operations, remaining competitive requires a strategy that uses advanced systems. Developing a digital transformation strategy is a delicate process, but it also propels the move away from these legacy systems and accelerates progress toward enterprise goals. So what costs[10] should IT decision makers consider when deciding to keep, enhance, or replace their existing platforms?

- **Maintenance expenses are hard costs** that include annual software licenses, hardware repair and purchases, and vendor-related costs. These costs can add up over time, especially if specialized expertise is required to maintain outdated systems.
- **Utility and environmental costs** can add up, especially for server-based systems that require electricity, real estate, and overhead to keep running. If applications are running on in-house servers or off-site, utility costs can add up. Cloud-based systems can reduce these costs, lowering overall expenses.

- **Labor and benefit costs** add up, especially if systems require specialized skills to maintain outdated systems. Benefit costs are typically 30% or more of annual salaries, adding to labor costs. IT departments and users will also spend extra time and effort on bug fixes, workarounds, and process fixes to cope with outdated technology. Not only do wage costs increase, but so does the risk level for depending on a specific individual to keep business applications intact.
- **Reduced IT skill sets** occur when staff members spend effort maintaining, fixing, and supporting old technology instead of learning new technology. For example, between 2013-2018, companies dependent on outdated mainframes lost **23%**[11] of their IT staff, primarily due to retirement, and 63% of positions remained unfilled. Given the overwhelming shortage of IT skills, investing in outdated knowledge puts the organization at a deficit compared to competitors who invest in digital transformation.
- **Opportunity cost** may be challenging to quantify but adds to corporate risk. Leaders must evaluate what revenue opportunities and efficiencies are missing by not investing in advanced applications. Their competitive standing may also be affected, losing market share and reputation by not replacing outdated systems.

Legacy systems require the entire organization to cope with systems that require constant maintenance and cause user frustration and increasing costs. Legacy systems were not designed to last forever. Digital transformation requires companies to develop and deploy new tools that will eventually reduce costs, add efficiencies, lower risk, and ensure business continuity.

Automated tools break down technology roadblocks

Tech leaders typically do not have the luxury of extra time, unlimited funding, exceptional talent, and cultural acceptance for solutions with the pervasive impact of digital transformation. As a result, they must keep traditional legacy systems intact while simultaneously implementing next-stage technologies that build enterprise capabilities and market competence.

Automated tools are the first step in deploying quality solutions that meet tomorrow's business needs. Cloud-based platforms and mobile solutions are just a few of the intelligent solutions that support digital transformation initiatives.

Operational efficiency is a leading reason for digital transformation. A low-code, no-code application development solution lowers costs and development time that often derail transformation efforts. Stackyon is an automated low code platform that speeds up development, helping IT departments be more productive.

The Stackyon application enterprise-grade hub includes:

- **Task, workflow, and process automation** — A visual and collaborative model for stringing together logical steps and connecting internal and external users.

- **New application development** — Drag & drop, point & click helps build new applications 5X to 10X faster.
- **Customize existing applications** — Configure new processes or change existing processes without touching the core applications, resulting in 20X faster customization.
- **Rationalize application landscape** — Visual analytics tools and reporting provide real-time information to businesses on financial and operational health.
- **Integrate applications enterprise-wide** — Eliminate data silos and ensure transparency and visibility across the enterprise.
- **Modernize legacy applications** — Rebuild legacy applications, function by function, without disrupting business and protect sunk investments in weeks rather than months.

Faster application development time supports companies in improving their digital maturity and the benefits of lower costs, enhanced revenue, and greater satisfaction. Low-code solutions like Stackyon speed up development time, making the most of their investment.

On-demand talent

Developing and deploying applications requires expertise. However, companies must balance their labor resources between daily legacy system support and developing tomorrow's systems. This balancing act becomes more complex as business models flex between onsite, remote, and hybrid staffing, making management of multi-located teams an ongoing challenge.

Specialized expertise is required for short-term projects, including application development and deployment. However, as companies seek to optimize costs, investing in full-time talent with expertise in a single IT discipline can be costly, hard to find, and more challenging to retain.

Conclusion

Digital transformation positions companies to offer future value as their business models respond to ongoing economic disruptions. The pandemic altered how buyers interact with the market. This event demonstrated that companies must not only react to current conditions but be technology-ready for future events.

Automated tools and advanced technology deployment safeguard the enterprise, positioning them as a leader who can quickly respond to market changes. In addition, by driving out operational inefficiencies, companies have streamlined workflows that connect the enterprise while reducing hidden costs.

Companies are looking for digital transformation solutions to create future growth. Digital leaders are betting that their significant investments will position them to offer new solutions that create value for the company and its customers.

Amzur is the Digital Transformation Expert

Amzur is an end-to-end **flexible** IT services, solutions, and platforms provider. Amzur's expertise lies in understanding its clients' problems independent of their tech stack. We are not only a tech leader, but also a business advisor and strategic partner. We own and manage IT assets and can impart that same knowledge to you and your team. Even better, our suite of tech platforms enables us to deliver actionable results within 30 days of engagement, providing more value and getting you **future-ready**, faster than larger firms. **Partnering with Amzur** gives you the experience and knowledge of Fortune 500 developers with the **personal touch** and commitment of a small firm.

We offer design and development services to help you develop better products and services, cloud consulting services to help you leverage new technology and data, and digital transformation services that simplify end-to-end functions and adoption of next-generation products, strategies, and services such as cloud transformation.

- Advisory & consulting
- Cloud engineering
- Cloud-native development
- Artificial Intelligence & machine learning
- Internet of things
- Process automation
- Application modernization
- Rapid application development
- Enterprise resource planning
- QA testing
- Talent solutions

Migration to cloudFlex teams from Amzur benefit tech leaders by using the latest automated applications that push them forward, helping them to meet changing business goals quickly. Our global solutions provide on-demand expertise that helps companies manage projects, navigate organizational change, develop applications, and use automated tools that help companies bring solutions to market quickly.

Take the next step on your Digital Transformation journey with a 30-minute strategy discussion.

Talk to an Amzur expert today →

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Amzur Technologies, Inc. (Amzur) is an award-winning, ISO 9001:2015, ISO 27001:2013, and SOC 2 Type II certified company based in Tampa, FL, serving customers across the globe. Amzur helps SMB companies in accelerating business growth by operating as a trusted IT partner at every stage in the customer's digital transformation journey. The company specializes in simplifying IT transformation through a proven framework that brings together hyperautomation, application modernization & managed services to enable its customers with the agility and speed to stay competitive in all markets. With employees & teams spread across three continents, Amzur delivers the right talent and targeted services for ensuring the success of its customers.

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