![IMA logo — Insight beyond information]

Transformation Journeys: Lessons for CEOs

A peer dialogue among CEOs

Conclusions Paper

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TRANSFORMATION JOURNEYS: LESSONS FOR CEOS

CEOs are increasingly prioritising digital transformation (DT). However, it is easy to start but difficult to execute, and research suggest that only 4 in 10 companies manage to achieve the end objectives. IMA India, in partnership with Ramco Systems, recently conducted a research study to understand the transformation journey of several leading Indian and foreign companies. Conversations with their business leaders revealed insights on the drivers of transformation success and the means of coping with disruption. At a recent session of IMA India's CEO Forum, we asked **Vivek Vikram Singh**, Managing Director & Group CEO at Sona Comstar; **Mayank Bathwal**, Chief Executive Officer at Aditya Birla Health Insurance Company; and **Sandesh Bilagi**, Chief Operating Officer at Ramco Systems, to talk about their transformation journeys, the lessons learnt, challenges overcome, pitfalls to avoid and the way forward.

EMBRACING DIGITAL TRANSFORMATION

The number-one priority for CEOs today is to *align their organisational strategies and vision to drive growth* amidst disruption. In the wake of the pandemic and major geopolitical shifts, companies are seeking avenues to strengthen *supply-chain resilience* and *develop sustainable strategies* across multiple dimensions. Companies are also *investing in innovation* to drive growth. They are *leveraging data* to drive business agility and decision-making. Clearly, developing strong analytical capabilities with a focus on real-time analysis ranks high on the leadership agenda, together with employee reskilling and upskilling.

CEO priorities are shifting to embrace DT

SONA COMSTAR: DT ONE STEP AT A TIME

For some companies, adversity creates opportunities to innovate via DT. In the last 2 years, **Sona Comstar** has begun initiatives in three domains – production, people and product – that helped it navigate the uncertainties created by the pandemic. It is standard operating procedure in the auto industry to follow a production part approval process (PPAP) before starting the serial production of any component. The process usually takes 2-3 weeks, during which time customers typically visit the factory to understand the production process. Owing to its physical nature, it became difficult to undertake PPAP when the pandemic struck.

Sona Comstar has simplified its production approval process…

In response, Sona introduced Microsoft's HoloLens VR technology, which it integrated with Teams to enable virtual telecasting of the production process to customers. This proved highly successful, allowing multiple teams to work simultaneously and speeding up the PPAP process. For customers, with data now stored online, it reduced the need to take notes.

… and enhanced customer communication

Most manufacturing functions cannot operate from home, but Sona's leaders felt it would be hypocritical for *them* to operate remotely while their employees were forced to come in. It therefore mandated that *everyone* would come in to office. To ensure the safety of its people, it developed an app that leverages

data from Arogya Setu to track the spread of the virus within the company. The workforce is divided into teams of 20 people, so even if *one* person reports symptoms, the maximum number of people he or she might impact is 20. This has enabled the company to minimise its virus transmission.

Sona's third DT initiative was in the domain of product, which it continues to refine. During the pandemic, many employees, including those who handle the visual inspection of parts, returned to their home-towns. To manage this, Sona began to train machines to run visual inspections using cameras, colour spectrography and vibrating machines that check weight. In the last two years, the system's success rate has gone up, but for now is some distance away from a stage where it will *replace* humans.

It now seeks to perfect its visual inspection technology

ADITYA BIRLA HEALTH INSURANCE: DATA-DRIVEN

Since its inception, **Aditya Birla Health Insurance Company** has strived to create a data-driven, health-first business; digital has always been key to its business strategy. Compared to traditional, claims-based models, its business hinges on strong personal engagement with customers. For instance, it offers benefits such as paying back the entire premium amount to customers who demonstrate good health behaviour. This *demands* very strong digital infrastructure.

For Aditya Birla, digital is the only way of doing business…

Being in the health sector, the company had its share of troubles during the pandemic but it leveraged its digital platform to expand its range of services. For instance, it used customers' health data to engage with them on topics around health and wellness. To provide a more personalised experience, it partnered with a health-tech player to roll out hyper-personalised health-risk scores. Every individual is scored on the basis of his or her age, gender and other health details. This has helped it stratify its consumers and provide them with personalised, *actionable* suggestions – much to their appreciation.

…and it has come up with new digital services to enhance its product offerings

Aditya Birla broadened its digital-health ecosystem to include not only 'medical' but also physical, nutritional and mental health in its core product. For instance, mental well-being support is now part of its standard insurance product. It also partnered with Ola to offer a 15-day Covid-cover to Ola riders at low rates at the peak of the pandemic. This initiative proved highly popular: as many as 200,000 covers were bought each day at one point. Through these experiences, the company's senior leadership learnt to partner with companies of various sorts, and moved away from a mindset of seeking to control the entire value chain.

FOUR LAWS OF DIGITAL TRANSFORMATION

Ramco Systems has codified a set of 'laws of digital transformation' that act as guiding principles in its DT projects. The first – the **'Law of Digitalisation'** – holds that all

Ramco Systems' 4 laws of digitalisation

transactions and events should be captured at the source, digitally and without any human intervention. One of Ramco's Australian clients flies ~100 aircraft daily, which demands constant communication between departments to ensure a seamless flying experience. From a largely-manual process, where engineers would capture and document all of the on-ground data each day, it has adopted API-based documentation, thus collecting data at source. This has saved time and increased the accuracy of information.

The **'Law of Intelligent Systems'** states that all data must be made available securely and democratically for use in decision-making, and to drive efficiencies. For instance, using ML and data analytics, a Singapore-based international postal and logistics company automated its delivery and pick-up processes, reducing the delivery time within Singapore from 8 hours to just 2.

The third law – the **'Law of Digital Transformation'** – holds that digitalising support functions results in *automation*, while digitalising core functions results in *transformation*. Leaders need to identify the problem that needs to be solved, and depending on this, can opt to digitally transform either their support or their core functions – or both.

Finally, the **'Law of Organisational Culture'** proposes a culture of empowerment, where every individual within the organisation strives for greater efficiency. When people are empowered to believe that they can drive change, it creates a culture of learning and development. Learning can happen via two broad channels: formal training/courses or through experiments and failures. Both play an important role in the development of an organisational culture. The senior leadership's role is to act mainly as a sponsor and fellow participant in the learning process, rather than leading from the front.

A PEAK INTO THE FUTURE

Today, technology is no longer something that is 'handled' only by the IT department, but a subject of relevance for the entire organisation. Digital transformation, in its truest sense, can only be brought in when people question everything, challenge the status quo and are willing to drive change. Success on this front hinges on having leaders with a clear vision, who are supported and supplemented by their people.

For the first time in history, the business ecosystem has an abundance of technology. However, like with anything else, a particular technology might prove highly successful in one company but create problems for another. This makes it imperative for organisations to *know* which problems they are trying to solve and to then leverage technology (if that is what is needed) to solve that particular problem. Technological solutions

might vary across companies, depending on the extent and the nature of their digital transformation. Successful leaders will be those who are able to leverage technology to enhance their products and services, make organisational processes more efficient and improve the customer experience.