30 Reasons Why Cloud and Digital Transformations Fail. And What to Do About It.

In over seven years of research, consulting and direct observation it remains clear that organisations continue to struggle with the adoption and use of cloud and digital services. Worse they struggle to use cloud and digital to gain a strategic advantage in the marketplace, transform business and reap the benefits of going digital. Even worse, organisations invest significantly in a digital adoption and achieve little value, not enough efficiencies and increased costs.

It is commonly said that 70% of IT projects fail. It is commonly said that 70% of Digital Transformations are also failing. Especially when digital transformation is seen and delivered as a project or programme.

Why is this happening? The reasons are numerous. Breaking down the most common reasons into categories reveals the following.

Strategy

1. Not having a cloud / digital strategy

2. Generic cloud / digital strategy created by external vendor

3. Cloud / digital strategy not reviewed annually (things move fast and change these days)

4. Not using cloud / digital strategy at all (gets left in a file somewhere)

5. Cloud / digital strategy not aligned to the business, goals, direction, ambitions

6. Not knowing what cloud / digital really is (so how do you define a strategy)

Technology

7. Leading a cloud / digital transformation with a technology project / programme

8. Focusing too much on the technology

9. Not focusing on people, process and organisational change requirements

10. Assuming the technology will match your current business processes and ways of working

11. Assuming the technology will have all the features you currently have and need

Costs

12. Expecting immediate cost savings post cloud / digital adoption

13. Focusing only on the per-unit 'cost-savings' which accrue from the technology, not understanding the real costs involved in acquiring cloud / digital services

14. Not developing cost control guardrails as cloud OPEX spend is a variable cost and left uncontrolled can lead to significant and unexpected fees for cloud / digital services

15. Relying on a simple Return On Investment (ROI) model to justify digital investments

16. Measuring ROI in too short a timeframe e.g. one-to-three years as opposed to five years and over

17. Not being able to measure the value to the organisation from adopting cloud / digital services

18. Not understanding that some existing IT costs may decrease, while others remain and may increase

19. Many current costs still remain. You still need to manage, maintain and improve your cloud / digital services or pay a provider to do this on your behalf

20. A big miss. Where will the OPEX come from to pay monthly and variable cloud / digital subscription costs?

People

21. Assuming that staff want to change and use new technology and cloud / digital services

22. Staff 'too-busy' to change how they work, too set in their existing ways

23. Political 'turf-wars' e.g. internal IT may not want to change, application owners may not want to migrate to SaaS cloud / digital solutions, budget holders may not want to move to OPEX model

24. Lack of knowledge about what cloud / digital actually is and how they will change current ways of work

25. Lack of knowledge on how to actually go about sourcing, buying, migrating, running and maintaining cloud and digital services

26. People don't have the right skills at all levels to successfully deliver cloud / digital services

Organisation

27. Organisation wants to change to a cloud / digital organisation but does not support this change outside of a digital transformation (technology adoption) project

28. The difference between digital transformation versus digital acquisition is not understood throughout the organisation

29. Organisation relies too much on third-party or cloud provider to develop strategy and drive a cloud / digital adoption and transformation

Digital Cognitive Bias™

30. Staff don't know that they don't know. They have a digital cognitive bias in that they believe they know enough about cloud / digital services but when measured against simple aspects of cloud / digital their knowledge and understanding falls far short of what is needed for success

Advice

So behind this backdrop of challenges, what should be done?

Rather than address each point individually, it is better to give you a model to use to look at the problems and challenges as a collective and address them as a collective. Through a collective process look to address and mitigate each challenge.

1. **Assess** internal capability of staff and organisation

2. **Educate** internally about the basics of cloud / digital at all levels, including Leadership

3. **Develop Strategy** for a cloud / digital adoption. Use partners. Get help. Link to business goals and objectives.

4. **Define** digital transformation versus digital acquisition and which is relevant to the organisation

5. **Seek technology partners** and discuss strategy before technology, adoption before delivery, how to change before driving change

6. **Create governance** and guardrails to direct, monitor and enable how the organisation uses cloud / digital services

For those who have yet to start on a cloud / digital transformation journey, this is a starting point. Use this information to help identify critical areas of concerns. Look at how to turn challenges into opportunities for success.

For those already on a cloud / transformation journey, use this information to reassess how well you are doing against each item. Address the weaknesses (which are there).

Believe me, every cloud / digital transformation is suffering many of these challenges. What is worse are those that don't know that they don't know. These folk are creating 'technical debt' on a daily basis. And as we know all debts must be paid, eventually.

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