Key learnings from a decade of cloud-based data & digital transformations

Introduction

I have been part of dozens of large cloud-based digital and data-driven transformations over the last 10 years – half client side at Sky, half as a consultant as I founded and ran Loop Horizon. This has given me an incredible opportunity to identify the key ingredients for success and the pitfalls to avoid. The checklist below is a great starting point. I encourage you to read and think about how it applies to your individual situation. You may be at the start or middle of your change programme. Your programme may be large or a bit narrower. Some aspects may not perfectly apply to you. It should provoke thought. You may find it helps head off potential issues before they arise and get the right things in place to maximise success. Or if everything is in place you can be even more confident in success.

At Loop Horizon, we help companies navigate these complexities every day. If you would like to discuss how we have overcome these challenges, why they were critical and how that might apply to your situation I'd love to talk. Enjoy!

10 key learnings

1. You have senior organisational buy-in, you know which teams are involved and they are committed to the programme's success.

The organisation needs to care and be committed to success. It needs to be unilateral - success will require all relevant parts of the organisation to deliver on their part of the plan or it will struggle & fail.

If you can't get this buy-in in place, seriously question if a big programme transformation approach is the right thing to pursue at this point in time. Seek to understand why isn't the business isn't able to prioritise this – is it other bigger priorities, or a lack of understanding or belief in the prize?

If you can get this in place – do everything possible to lock it in so it is enduring. We've seen this work best when deliverables are written into senior management objectives and/or the most senior person chairs the steering group and demonstrates active engagement in reviewing progress and removing blockers (and does this consistently through the programme).

We've driven programmes in both situations, with night and day difference in ability to make progress and deliver value. It's now one of our key assessment criteria before we will engage on a project.

2. You have a clear "North Star" or overarching goal for the transformation.

Defining a clear goal (which can be a 2-step goal for long programmes) is critical in ensuring distractions are removed and everyone is focused on delivering towards what matters. *Having a "Does it make the boat go faster" mentality will reduce cost and timelines by 20%+.*

This allows you to tangibly understand how each piece of activity contributes to the overall goal. It transforms your ability to prioritise and scope activity & avoids distraction into nice to have activities.

> A good example here was a client who was keen to build advanced AI models to meet a separate Board objective to demonstrate how the organisation was using AI. Unfortunately, neither their data or marketing operations were in good position to drive any tangible benefit from AI. So, we removed it from the delivery plan, and they were able to focus AI on a point solution that enhanced a specific separate part of the business, without derailing the wider

3. You have established realistic expectations for benefits, timelines, and costs.

> This programme will not be easy. Very little of the 'as-is' will be as good as it should be. Historic shortcuts and tactical solutions will need to be unwound. Key knowledge gaps will emerge.
>
> Equally, the 'to-be' target state will appear very simple. Vendors will over promise. Anticipated uplifts will be overstated.

Getting the right balance of ambition vs pragmatism is critical. Independent (no vested interests) experienced voices at this stage are key. Publicly skew ambitious but have contingency (time & costs) in reserve, agreed with the most senior stakeholders to avoid their frustration later.

Get P&L owners invested by baking in uplift to targets... but not predicated on perfect delivery.

A rule of thumb for finance planning – P&L upside within the programme timespan should be broadly cover programme costs, longer term payback should be at least 10x total programme costs.

4. You have a clear governance structure to track progress and cross-programme dependencies.

Over-invest in good project and programme management, particularly maintaining the long list of risks, dependencies and continuous timeline iteration as deliverables move. Dependency management, particularly across departments will be a key element of delivery and is intensive to manage. Projects can readily be held up at key points where a specific team needs to fix something but doesn't have capacity to deliver – and your project is lower immediate priority to a bigger issue.

Manage this proactively and make it easy for senior management to engage in monitoring progress, be aware of potential calls on their teams' involvement and be able to help resolve blockages when they occur.

5. You have a thorough and candid understanding of your current capabilities (technology, people, process) and gaps.

Get a solid understanding of your current technology and data capabilities. Where are their flaws? How have they been patched to maintain delivery? What are the frustrations or limitations? What is good, what needs to be improved and what doesn't exist at all? Are there any latent opportunities that haven't been unlocked? Without an accurate reference baseline, you won't know how much change is required to achieve the target state, which bits can you reliably keep, what needs to be rebuilt, what needs a scorched earth approach. Having a full picture of change required, how long it should take, in what order is critical to driving confidence and buy-in to your change programme. *Minimise the unknown unknowns. Check even the most basic assumptions. Think expansively about what you need to understand.*

> An illustrative, and commonly overlooked, example is Identity and Access Management. A relatively simple concept – it should just work. But often a programme will be tied in knots in early days as resource struggles to access new systems or environments as large volumes of people need to onboarded. A process that works for a small and steady flow of change breaks as soon as there is a step change in volume of new access requests.

From a people perspective, an optimistic view of what your teams can deliver is necessary and positive. Your target state will no doubt involve significant change to roles and processes. Your teams can, and will, adapt to change. However, I've seen the time taken for teams to get confident and lead with new processes and approaches is nearly always much longer than anticipated. This is natural – there are risks with new activities, especially when they involve unfamiliar techniques & skills, performance is uncertain, and they may be running parallel 'old' activities alongside any new ones. The majority of people don't like change – even though they may realise it is necessary. *Factor this into your plans – whether with extra time, or focused external support to lead and embed change.*

6. Your internal resources are identified and committed, and not just side-of-desk support.

> Every project at some point will be held up by urgent business needs that diverts your internal resource. Every project gets held up by unforeseen requirements which depend on key resource that isn't available.

You can plan to mitigate this to a degree by having spare capacity or contingency. But this won't work if key resources are just doing this on top of their existing day job. And a commitment for a day a week, if existing workload isn't reduced doesn't count.

Be prepared to use external resource. You are going through a change programme. It may not be feasible for key people to free up time without putting risk on BAU performance. While they may be great for running BAU, they may not be as well suited to drive change.

Actively plan placeholder items in agile sprint delivery. It is always easier for developer teams to fill unneeded gaps with backlog items than it is to inject urgent requests.

7. You have significant committed but unallocated CAPEX & OPEX contingency in place.

There are known unknowns and unknown unknowns. *Every programme I've been part of has identified unknown unknowns part way through.* You can plan for former... you know the latter will happen but can't have specific plans to address. Your only option is to have a general reserve, to be allocated out as unforeseeable issues arise.

Doing this can be difficult. Every business has different rules for budgeting – often holding a large contingency pot won't be an option. Or funding won't be committed until there are detailed delivery plans in place. Engage finance teams and budget holders early, help them understand the challenges of a transformation like this and get their help on how to best manage this challenge in your business. *Even if it isn't fully committed – a verbal indication that Finance understand and can see how they could help manage will be a massive win.*

And this will apply to OPEX too. Unallocated headroom will be even more difficult to find here – so talk to budget holders about where they would find cash for incremental test advertising, or campaign execution resource, or additional creative. If this is covered early enough, it can be solved. *If you pick it up just as you get to activation, we frequently see programmes experience delays, or constraints to what you can do which have undermined overall momentum and value delivery.*

8. Foundational elements are prioritised for early delivery (e.g., identity resolution, data quality & readiness).

Your data is not in as good shape as it could be. Your ability to identify and capture your customer interactions is not as good as it could be. Your user access & management won't be as frictionless as it should be. Your documentation of existing systems and data sources will be much worse / non-existent. You won't have a clear and thorough mapping from source data to actionable data components and metrics.

Getting good fundamentals in place is critical. They won't be, and don't need to be perfect. They do need to be good. Own resolution of this, don't rely on external 'magic box' technology. *This will be hard yards activity. Do it well and your future self will thank you.*

Often funding for this can be a challenge. Improving the foundations won't align to particular use cases – but it will enhance the effectiveness of them all.

> At one company, we improved digital audience addressability (i.e., we knew who they were) from 24% to 74%. This meant the reach of targeted messaging was 3x higher, with value immediately increasing in line across all the use cases. At another, creating a quality, actionable data layer reduced the delivery time for new model creation from months to days for each model – drastically increasing speed and effectiveness of targeted messaging roll-out.

9. Sales & Marketing are leading use case definition & prioritisation; Product, CX and Insight teams are leading on the art of the possible.

Nothing holds up activation of new capability or new marketing activities faster than potentially impacting someone's performance target. Let Sales & Marketing, the P&L owners and ones whose neck is really on the line, drive the activation planning. Let your innovators stimulate the discussion by showcasing art of the possible.

> A Data Science team telling a Marketing team how they can do their job better, no matter how well intentioned, will just ferment division of two teams who need to be acting in harmony. Respect that what they are doing is working and can be enhanced, not replaced.

When it comes to doing things for real, minimise any downside risk through careful execution design and testing. Back the winners at scale, cull the losers before they hurt anyone seriously.

10. You have customer-centric operational processes & capabilities in place (e.g., actionable customer segmentation; customer-centric performance measurement).

> Test and measure all your changes. Nothing convinces people (both junior and senior) more than a well-designed control / test result showing uplift. The willingness of the business to activate the new data driven approach will be transformed. Exec engagement will be transformed. Budget requests will be more forthcoming.

Unless absolutely unavoidable – don't roll-out at 100% without some degree of parallel running of old and new.

And do this on a customer centric basis. If you are primarily measuring performance campaign by campaign this won't work when you introduce always-on consistent tailored messaging where customers can be readily switched from test to control groups. The impact of a new digital feature will be difficult to measure if users get randomly allocated to test or control each time they visit.

Your measurement will need to be centralised – not channel specific. This could be a major change to process and needs to be planned into delivery.

Your sales and marketing may operate primarily on a product-centric focus "Build my audience by taking the top 40% of people most likely to buy X". This doesn't align with a customer centric approach – it's about identifying the best products to recommend to each customer. Introducing a customer centric approach is a major process change which naturally feels risky. You will have marketeers screaming that their campaign audience has been reduced… but their loss will be another's gain who gets a bigger audience. Overall, the customer wins because you are being more relevant. *Feeding this transformational change in marketing strategy & application is a big change and needs to be gradually, & probably incrementally, introduced to showcase the business benefit.*

Key Takeaways

If you've got this far then I suspect much of the above has resonated with you. Addressing the risks outlined above is important. If you scored 8 or more out of 10, you are likely in a very strong position. Even if full resolution isn't possible, every half step you can gain in each area will make your life easier and improve the success of your program. Investing time in getting things set up well is often difficult to achieve, but you and your programme will reap the benefits down the line.

The risks I've outlined are somewhat timeline orientated – the first 6 relate to setting the programme up, the last 4 are more in-life risks. However, if you don't have 1-6 in place and are mid-programme, it is not too late to fix. Addressing them may well help you accelerate your way to success.

Your job is to ensure sailing is smooth. Having confidence in knowing what you need to do, how you will do it and with the support of the organisation will make sure that is a reality.

It goes without saying, if you want to talk – even just to use me as a soundboard – please get in touch.

About the Author

James Alexander is Loop Horizon's founder. He's passionate about helping companies design the right plan for connecting and using data and technology; and then making that plan a reality. He has established a unique understanding of how data, technology, people & processes need to come together to deliver real and significant benefit from data-driven marketing.

James boasts a wealth of experience derived from diverse consultancy and client-side roles. Recognised for his adeptness in steering complex data and technology-driven transformations, James is the trusted advisor for clients navigating towards success. His pragmatic approach and technical proficiency assure stakeholders of tangible, short- and long-term value delivery.

Before starting Loop Horizon, James established and led the Decisioning Transformation Programme at Sky – combining data engineering & science teams with technology delivery teams to drive the adoption of data-driven marketing and service throughout the business – developing extensive best practice in both programme delivery and executive coaching to understand the benefits of data driven strategies in practice.

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About Loop Horizon

Loop Horizon is a professional services company, providing support to large global brands as they transition to a data-driven marketing future, enabling them to deliver value at speed from marketing, data and technology.

With specialists in Digital, Data & Analytics, Martech and Marketing, the Loop Horizon team are all ex-client side and, having delivered data-driven marketing before, enabling clients to deliver more, faster and avoid missteps.

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