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Why do Digital Transformation Projects Fail?

As a finance leader, your world revolves around business growth. Waiting years for your million dollar finance transformation project to deliver real business results might work for other finance leaders.

You need proactive control that lets you lower DSO, improve receivables turnover and lower bad-debt from Day One.

Caution: Roadblocks.

Your A/R transformation success
is as good as the toss of a coin

A surprising number of IT and digital transformation projects fail.

McKinsey & Company	Gartner	Harvard Business Review
IT Projects deliver 56% lower value than planned	**85% of A.I. projects will fail**	**$50-$150Bn wasted annually in failed IT projects**
Large IT Projects run 45% over budget and deliver 56% value than planned.	*Out of 20 Projects, only 3 will deliver value for the CIO – 17 of them will fall short.*	*IT failure rates are estimated between 5-10%, accounting for up to $150Bn*

Most companies are recognizing the need and importance of digital transformation. But when the leaders are asked to describe their need to digitally transform themselves, too often they equate it with an unorganized deployment of emerging technologies, which may or may not work in tandem.

As a resultant, **Digital transformations are failing big time.** 73% of enterprises failed to provide any business value whatsoever from their **digital transformation** efforts (Everest Group, 2018) and 84% of digital transformation projects fail to realize the real benefits (Forbes, 2019). Even according to McKinsey, large IT Projects run 45% over budget and deliver 56% less value than predicted.

1. Poor User Adoption

Low end-user adoption for technology that has been deployed

Transformation fails when user adoption and user-level performance is not measured.

If users don't adopt technology, their performance may not improve and as a result you will never see the process results you expected.

2. No Performance Benchmarks

Lack of Performance Benchmarks and standards

The largest IT project will fail to transform a process if leaders fail to define the right performance benchmarks, measure against those benchmarks and course-correct to meet them.

True Transformations are not just about deploying high-tech.

A successful digital transformation initiative requires a partner that not only provides technology, but also commits to working with you on ensuring outcomes – to preserve cash and build a high performance culture within the organization!

Danone's cheat sheet to successful global digital transformation

across 6 different business units in the US and Canada.

Learn More

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Too many options for digital transformation – "Technology Trap"

One of the first steps in digital transformation is determining which technologies or technology strategies will facilitate the change. Nowadays, there is a sheer number of options at a business' disposal which poses a unique dilemma to enterprises – should they adopt all or few and which.

According to a 2017 Wipro Digital survey, the lack of a clear transformation strategy was cited by 35% of executives as a key barrier to achieving its full digital potential, and the CEO is often to blame.

CIOs try to stitch together cloud, APIs and microservices into platforms to augment business processes or try to pick single favorites, such as cloud, predictive analytics, blockchain, artificial intelligence or internet of things (IoT). Decision, on which transformation option to choose, is a major challenge in digital transformations and CIOs can often end up in the technology-centricity trap.

Three Perspectives for Digital Transformation

The User/Employee Perspective:

This would enable to understand individual productivity. The goal is not to monitor your employees, but rather to identify inefficient processes and to improve them. This will also identify if more workers are needed or whether your processes need adjustment, how their experiences are post digital transformation

The Customer Perspective:

A primary goal of digital transformation or moving to advanced technologies is to ensure that customers reap value from it and they are satisfied. Aggressive competition and rising customer expectations are exerting pressure on organizations to redefine and refocus on customer experience. Analyzing the customer perspective of digital transformation can help by tailoring customer-facing processes to the specific needs and consumption habits of varied customer segments.

The Business perspective:

This is provide an understanding of the end business results of the digital transformation such as whether it is providing a lower DSO, decreasing bad-debt, increasing cashflows, etc. and help track whether the transformation initiative is going in the right direction. This would provide visibility on the overall process health as well as end bottom-line impact.

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HighRadius dotONE Performance Framework
ensures that your transformation succeeds at all levels and delivers true business value.

A successful A/R transformation initiative requires a partner that not only deploys technology but also **commits to deliver real business value from day one**.
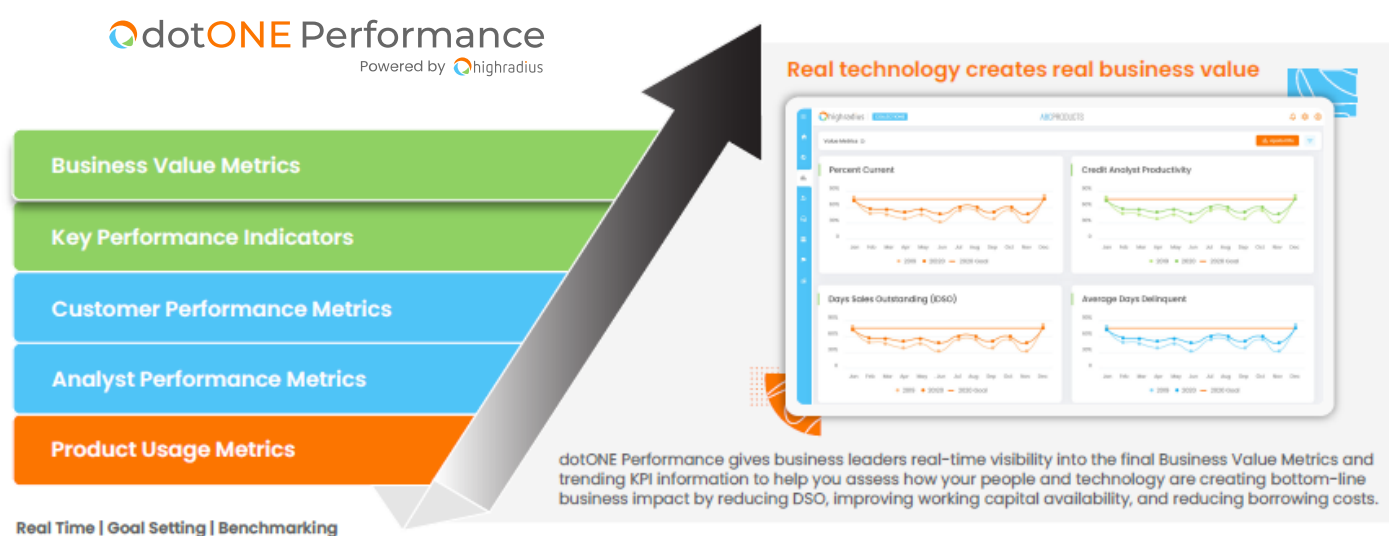
Once you are live with your digital transformation initiative, HighRadius will deliver to you the IP and advisory services to track and monitor project performance at various levels - right from bottom-line impact to end-user productivity and adoption.

## What does 'dotONE' really mean?

At HighRadius our goal is to be a dotONE (one in a thousand, or 0.1% or, zero-dot-one percentage) enterprise fintech solution provider.

However, we can only be a dotONE when our Client's AR Departments and the teams who use our software become a dotONE. In essence a best in class AR department in their industry. This philosophy drives us to ensure that our products deliver results beyond the technology and generate substantial results for you and your team.

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PRODUCT USAGE METRICS

Measuring the success of your transformation initiative starts with tech adoption and product usage metrics.

dotONE Performance helps you track how well your users are using the system and if they are leveraging the available features and functionality in the software to it's best potential to fast-track their work and make better decisions.
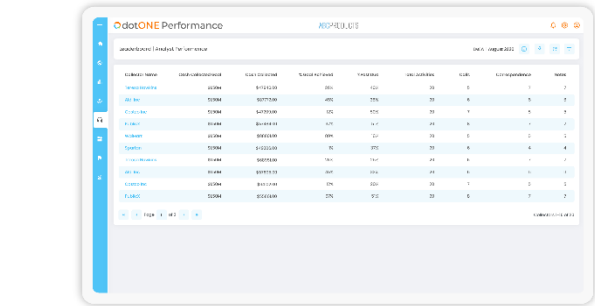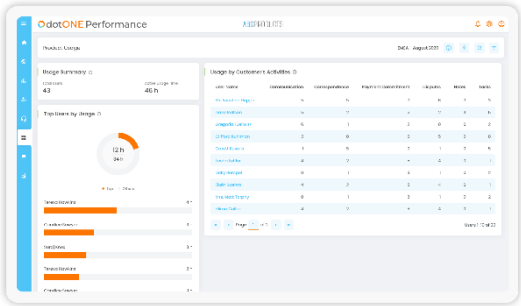
ANALYST PERFORMANCE METRICS

If your users are using the product as intended, it should reflect in their individual performance. dotONE Performance provides transparent, real-time tracking of analyst performance on metrics such as their effectiveness in capturing payment commitments or their ability to recover invalid deductions.
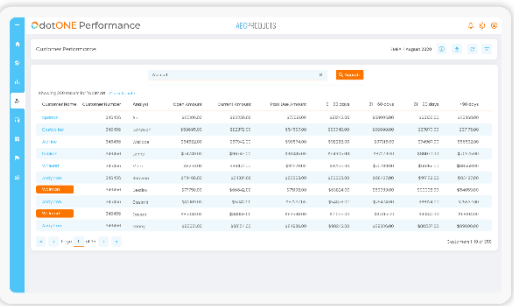
CUSTOMER PERFORMANCE METRICS

If your users and analysts are performing better, you should see a correlated improvement in how your customers are contributing to your bottom-line and top-line.

dotONE Performance gives you a metric rich, google-like interface to dig in and look at the performance of any single customer, that enables you to take strategic decisions.
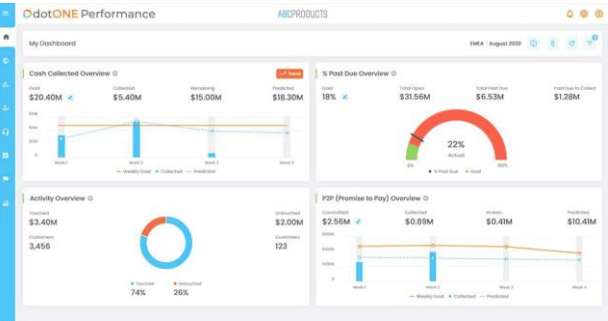

BUSINESS VALUE METRICS & KPIs

Business Value Metrics are the end business results (lagging indicators of success) that really matter most to you such as lower DSO and decrease in bad-debt. Key Performance Indicators are the leading indicators that help you track whether your transformation initiative is trending in the right direction, such as the volume of collections calls being made, or the number of risk class changes happening as a result of a credit review. This combined visibility into leading and lagging indicators ensures that your leadership team gets a tab on overall process health as well as end bottom-line impact.

GOAL SETTING

dotONE Performance allows you to define macro and micro goals for the business, individual teams and individual analysts.

You could define targets on collection effectiveness, to credit risk to blocked order SLAs and real-time monitor how teams and individuals are performing in comparison to plan.

BENCHMARK AGAINST YOUR PEERS

dotONE performance allows you to benchmark your Business Value Metrics (Percent Current, Recovery Rate and others) and KPIs against other clients using our software in an anonymized way.

Not just that, you also get the ability to benchmark individuals. As an example, you could know how your best collector compares to collectors across other companies in your peer group.

HighRadius A/R Transformation Value Realization Framework aligns all our teams to deliver hard-ROI for you

Our technology powers your people; your people deliver business results.

At HighRadius, our goal with technology is to create measurable value for your businesses. We do this using the HighRadius A/R Transformation Value Realization Framework.

While working with you through your IT and transformation project and even after we constantly focus on:

- measuring leading indicators of success (Key Performance Indicators)
- taking corrective actions on areas of improvement
- ensuring that you get results that matter most to you - measured as the Business Value Metrics (lagging indicators)

Deliver transformation projects that are
On-time and in-budget

During the design and deployment process we are focused on understanding your requirements and delivering solutions that meet and exceed expectations.

1

Take quick and corrective action by monitoring
Key Performance Indicators
(leading indicators)

These are the 'Leading Indicators' - Things that you can measure immediately to see if your teams are tracking in the right direction and if not, you can take corrective action.

2

Ensure that you keep receiving long-term value by tracking
Business Value Metrics
(lagging indicators)

These are the main Value Metrics ('Lagging Indicator') that you will use to measure the success of your transformation initiative – these are difficult to see in the short-term and hence directional success is indicated by the leading indicators.

3

We measure our teams based on their ability to deliver value to you.

PRODUCT & ENGINEERING	SOLUTION SALES	PROFESSIONAL SERVICES	CUSTOMER VALUE
Value Realization Framework to prioritize feature delivery and product roadmap.	Business case development based on the Value realization framework	Evaluated based on their ability to deliver high-value projects on-time, in-budget	Continuously hold internal teams accountable and work with your A/R team to keep delivering value

Committed to delivering real business results with technology.

Developed with experience of working over 900+ order to cash transformation projects, the HighRadius Order to Cash Transformation Value Realization Framework is the foundation of our partnership with our clients.

The Value Realization Framework explores each core order to cash process:

- Credit
- Collections
- Cash app
- Invoicing
- Payments
- Deductions

Identify the KPIs (or the Leading Indicators) that influence and impact bottom-line results – the Business Value Metrics (or Lagging Indicators).

HighRadius Value Realization Framework

Note : Colored shapes next to the VMs in each product area match the KPIs on the list below them, indicating which KPIs directly contribute to improving that specific Value Metric.

CREDIT			EIPP			CASH APP			DEDUCTIONS			COLLECTIONS		
VALUE METRICS (VM)														
Percentage Current	■		Days Sales Outstanding	■		Analyst Productivity	■		Net Recovery Rate	■		Percentage Current	■	
Credit Analyst Productivity	▲		Interchange Fee Reduction	▲		Reduce Bank Fee	▲		Analyst Productivity	▲		Average Days Delinquent	▲	
Reduce Bad Debt	♦		Cost of Invoice Delivery	♦					Reduce Write-off	♦		Collector Productivity	♦	
Increase Sales	●		Cost of Payment Processing	●										
KEY PERFORMANCE INDICATORS (KPI)														
Number of Risk Class Changes from Credit Reviews	■ ♦		% Customers with Confirmed Delivery of Electronic Invoices	■ ♦		Item Level Hit Rate	■		% Invalid Deductions	■		Number of Outbound Collections Calls	■ ▲ ♦	
Average Time to Review New Applications	▲ ●		Clickthrough Rate of Dunning	■ ♦		Check Character Capture Value	▲		% Invalid Deductions Collected	■		Amount of Promise to Pays Created	■ ▲	
% of New Applications Auto Approved	▲		% of Customers Paying Electronically	■ ●		% of Deductions Auto Coded	■		Average Days to Resolve a Deduction as Valid or Invalid	■ ▲		Number of Manual Email Correspondences	■ ▲ ♦	
Average Time to Review Blocked Orders	▲ ●		% of Payments Converted to Level III Processing	▲					% of Deductions Accurately Predicted as Valid or Invalid	▲		Number of Automated Email Correspondences	■ ▲ ♦	
Number of Credit Limit Increase Reviews	■ ●								% of Deductions Coded Automatically	▲		% of Past Due Amount Untouched in a Two Week Period	■ ▲	
Average Time to Review Existing Customers	▲								% of Invalid Deductions Written-off	♦				
% of Existing Customer Auto Reviewed	■ ▲ ♦													

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As the CFO and finance teams are concerned about the final business impact that technology can create, O2C teams are looking at ensuring that they choose a digital transformation that truly delivers the business value. There are several options for teams to choose from as every other order to cash software provider in the market promises the same feature and functionality making the organizations spoilt for choices. In such a situation, teams choose the provider that they have more confidence on, to actually deliver results.

dotONE Performance is the combination of our experience and technology that **delivers results from your order to cash digital transformation.**

dotONE Performance empowers teams with 3 unique benefits

1. Real-time indicators for proactive correction
Real-time monitoring of indicators such as the Product Usage Metrics, and Analyst Performance Metrics serves as an early indicator to check whether digital transformation is creating a positive impact on the process. Unless the technology drives improvement in user performance, transformation project will not deliver desirable results. dotONE Performance is able to create a proactive warning system to enable leaders to track results and take corrective action

2. Benchmarking KPIs against best-in-class peer performance
Integrated benchmarking helps compare KPIs (such as average time to review blocked orders, cash application hit-rates) and business value metrics (such as DSO, Percentage Current AR) against best-in-class competitor firms to compare and improve

3. Global AR and customer dashboards for real-time visibility
Global AR dashboards are provided to review performance of regions and business units against planned goals with the ability to pin point to problem areas and individual customers

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Autopilot for

Order to Cash & Treasury

Automation, prediction & insights
powered by Artificial Intelligence

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