

Epicor eBook

# Digital Transformation: A Playbook for Distributors



# The Call for Change

In today's market, small- and medium-sized distributors know that the pace of change is quickly accelerating. More than ever, distributors hear that they need to prioritize Digital Transformation to adapt, yet many wonder exactly how to take action amidst shifts like remote work and the acceleration of e-commerce.

Why do some distributors find the idea of “Digital Transformation” daunting? For all the promises of technology, there are just as many buzzwords and contradicting pieces of advice. This has discouraged many distributors from pursuing digital technologies, despite the undoubtable benefits.

Sound familiar? You're not alone. Only 27% of organizations today have a comprehensive Digital Transformation roadmap in place. Looking ahead to 2022, however, that number is expected to be 75%<sup>1</sup>. Leaders are urgently putting digital technologies to work.

Companies that have successfully achieved Digital Transformation – and realized the compelling benefits – have taken practical steps that your business can also take.

In this playbook, we'll help clearly define and break down Digital Transformation. We'll help you understand what those steps are, where to start, and how to begin with practical initiatives that employees, customers, and your bottom line will love.

Organizations with a Digital Transformation roadmap in place:

# 27%

**Currently** have comprehensive Digital Transformation roadmaps currently in place

# 75%

Expected to have comprehensive Digital Transformation roadmaps in place by 2022.

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## Section 1

# Introduction

What You'll Find in This Section:

- How to determine if this playbook is for you
- How to read and use this playbook
- A clear definition of 'Digital Transformation'
- Why Digital Transformation? Why now?



# This Playbook's for you if...



You know digital technology can improve your business, but you don't know where to start.



You'd like to go digital but can't imagine how that's possible with limited time, people, and resources.



You've heard about Digital Transformation but it all just seems so overwhelming and theoretical.



Your customers and employees are asking for digital ways to buy from and collaborate with you.

# How to Read This Playbook

- 1.** In defining Digital Transformation, we'll clarify what it is, what it is not, and why it is more important than ever.
- 2.** We'll take you through a quick crash-course on six enabling technologies that can unlock new possibilities.
- 3.** You'll learn Three Lenses for Going Digital - technology, people, and strategy – that, together, create more successful digital initiatives.
- 4.** Understand how to sequence your digital roadmap, starting with today's improvements and eventually taking on tomorrow's transformations.
- 5.** Finally, roll up your sleeves with your team with two ready-to-use tools and templates for kickstarting your Digital Transformation journey.

# Defining Digital Transformation

Digital Transformation has been so heavily covered recently that it's easy to forget what it means – and what it doesn't. Let's start with a simple definition and then further define each part: Digital Transformation is the act of integrating digital technologies to replace older processes and technologies to create new value, ultimately driving quantifiable impacts on your business.

- “Digital technologies” refers to any enabling digital technology – not just artificial intelligence (AI), blockchain, or the Internet of Things (IoT). Other digital technologies that are already known and proven, such as Business Intelligence, e-commerce, Cloud, and Document Management are also critical parts of the Digital Transformation journey.
- “New value” can be defined along a spectrum: Improvements, Innovations or Transformations. Improvements make your core business more efficient. Innovations are the acts of creating net new offerings. Transformations involve disrupting the status quo in your industry or supply chain.
- Digital Transformation doesn't have to imply turning your business upside down, utilizing new and unknown technologies, or doing 'digital' simply for the sake of digital without a proper approach.
- Finally, “Quantifiable Impacts” means any good Digital Transformation must deliver strategic value in ways that can be measured and monitored. As such, we like to think that to qualify as a valuable and worthy Digital Transformation effort, a business should be able to point to the quantifiable impacts that an initiative will have on the operations of the business and/or the ability to better compete in current market or new markets.



*Any good Digital Transformation must deliver strategic value in ways that can be measured and monitored.*



# Why Digital Transformation? Why now?

Here are the 6 key reasons Digital Transformation is needed today:

## 1. Exceed changing customer expectations

As a new generation of 'digital natives' enter the market, these customers expect digital experiences that enable seamless discovering, buying, and interacting with your company throughout the entire lifecycle. If outdated experiences are getting in the way of satisfying and delighting these customers, Digital Transformation can help improve lead generation, sales cycles, closing rates, repeat business, customer satisfaction, and customer support costs.

## 2. Attract and retain high-quality talent

Just like the new generation of customers are entering the market, so too is a new generation of digital native employees and talent. Your people want the best digital tools to do their work easily and with more productivity, in addition to learning new digital technologies to keep their skills





up to date. In this light, Digital Transformation is an investment in people as much as it is in technology.

### 3. Leverage new technological possibilities

How many things might you be doing in your business just because 'that's the way it's always been done'? False constraints like analog processes may be holding back your team and business from growing and changing. New technological possibilities can unlock time and value by challenging orthodoxies about how your business works.

### 4. Thwart new types of competitors

Just like Netflix disrupted the distribution channels of video rentals, all industries are susceptible to new entrants who configure as a digital business from the outset. The things they often lack in startup mode, however, are customers and data – things you likely have. Take a proactive approach to be the disruptor

– instead of getting disrupted – by using digital to transform your business, but also your industry before competitors do.

### 5. Adapt and thrive in a remote world

Seemingly overnight, COVID-19 forced businesses, employees, and consumers to re-imagine their operations in a remote world. The adoption of remote-related technologies has no doubt changed the industry permanently, presenting new challenges and opportunities that digital can address.

### 6. Build agility and resilience

There's no denying that the pace and volatility you face today seem to only be increasing. Digital technologies make your business more agile and resilient by sensing change sooner, making change and business pivots easier, and being able to monitor progress better and with more precision.

## In Summary

The case for Digital Transformation is clear: your business must always be seeking to unlock new opportunities, and also anticipating new shocks and risks that will need to be overcome.

Digital Transformation doesn't have to be an overwhelming abstract concept – but rather a step by step process that begins with a look into which technology can help you best get started on this journey.

In the next section, we'll introduce you to a slew of technologies. Considering each of these technologies one at a time will equip you with the knowledge needed to evaluate which of these technologies will best take you forward into a digital world.

Section 2:

# Digital Technologies

In This Section You'll Find Introductions to:

- eCommerce
- Cloud
- Enterprise Content Management
- Data Analytics & Visualization
- Smart Shipping
- Electronic Data Interchange
- The Power of Integrations

## E-commerce

### How e-commerce technology enables Digital Transformation

e-commerce technology is a good first step for distributors to consider at the start of a digital journey. By taking their business online, they now allow customers and prospects to view, select, and purchase products online. With this step into e-commerce technology, they can quickly transform their presence from bricks and mortar to include a web presence that isn't just a website, but an entry point for customers to interact with them.

E-commerce opens up a new and more convenient way for you to interact with your customers, who are increasingly moving away from traditional ordering methods, using features like customer portals.

### What to Consider When Choosing e-commerce Technology:

- Customer-friendly: provide a rich experience to users with guest and account logins, product browsing before login, list-building, and easy-to-use search



*"We've experienced consistent double-digit growth and our e-commerce software is an integral part of that growth. It's our digital face to the world."*

*James Davis, President | Industrial Specialties Mfg*

- Support business-to-business (B2B) customers: the ability to provide access to see special pricing, make fast repurchases, make payments on their accounts, request a quote through RFQ forms
  - Integration with sales team: use e-commerce to boost your sales teams' efforts by providing access to account information and data such as purchase history, transactional repeat business, service calls, and custom discounting
  - Security: ensure customer and company information is secure with HTTPS, user IDs, and passwords
  - Reinforce marketing: newsletter signup, product recommendations, and targeted pop-ups ensure customers are informed and supported throughout the lead cycle
  - Integration with your ERP: ensure e-commerce seamlessly integrates with your ERP to ensure the accurate and automatically-updated product information, order and shipment details, pricing, and inventory levels
- What you can Track:**
- Increased revenue: capture new transactional sales leads and business that wouldn't otherwise be economical, and benefit from increasing the average order size of field sales
  - Reduced cost of sales: by allowing self-serve transactions through e-commerce, eliminate the cost and administrative work of sales reps and staff processing transactions, all while shortening the average sales cycle
  - Faster go-to-market: introduce new products faster and easier by launching via e-commerce and digital channels, while also providing the ability to rapidly test product mix, messaging, and pricing
  - Improved customer experience: customers benefit from a faster and more convenient purchasing experience, allowing them to browse and buy from anywhere at anytime



# Cloud

## How cloud technology enables Digital Transformation

Using cloud-based software makes services and applications available to users on-demand via online servers, as opposed to being provided from your business' on-premises servers. For example, when your ERP system is built on and delivered via the cloud, your business' on-premises servers. For example, when your ERP system is built on and delivered via the cloud your digital journey is accelerated because you can run and grow your business without having to worry about key issues that haunt on-premises deployed systems, like upgrades that include cumbersome customizations, a server refresh, or threat of ransomware.

Moving to the cloud is a great step to digital realization because technology providers can nimbly move on-premises, closed systems to an agile, flexible, on-demand cloud infrastructure, all in a clearly defined timeline. No longer is this move an insurmountable obstacle. It can be approached in stages to get you on the path to scaling an IT investment for real business returns. Your IT resources can be dedicated to move from a static technology environment to a technology ecosystem that provides business insights and action to keep your customers happy.

## What to Consider When Choosing Cloud Technology:

- Provider Support: the amount and types of investment the Cloud provider makes in their platform on an annual basis
- Availability: the reliability of the system to provide industry-standard uptime to match or beat competitors
- Scalability: if the system can keep pace with growth needs
- Accessibility: the ability to easily integrate into other technology in your environment
- Flexibility: options to use cloud capabilities that support your specific operation, including as it changes in the future

## What you can track:

- Reduced operational costs: with integrated data of your operations, you
- Higher employee satisfaction: support initiatives such as remote work easily

can identify and address inefficiencies faster and with greater precision

- Decreased security costs: with Cloud solutions, your vendor makes security their top priority, allowing your team to focus on growth
- Reduced administration: free your IT department from the burden of administrating a database, operating systems, or applications
- No more hardware: eliminate the need for hardware – and the risk and maintenance that comes along with it – as you scale and grow
- Automatic upgrades: get the latest releases on a regular cadence, avoiding periodic and manual organization-wide updates

*“By choosing the cloud option we moved to a modern ERP and got out of the hardware management business. We don’t have to pay to update servers or move our legacy technology along with all the expensive customizations to new servers – it would have been costly.”*

*Scott Young, President | George E. Booth*



# Enterprise Content Management

## How enterprise content management enables Digital Transformation.

Enterprise Content Management (ECM) makes managing your business' documents easier, faster, and with greater consistency and control. Documents and files that used to be unstructured are now stored centrally and made available to your employees and customers. You can rest easy knowing that the latest versions are always in use – reducing the pain and headache of paper documents, version control, and locating files.

## What to Consider When Choosing Cloud Technology:

- Security: granular settings that put you in control of who can access and edit documents
- Ease of Use: ensure users can navigate your ECM with speed and usability with little to no training
- Collaboration: ensure files can easily be shared and edited with others
- End-to-End Lifecycle: features to capture, store, publish, and track/audit documents

- Integration: easily connect with other systems like your ERP

## What you can Track:

- Improved Productivity: faster, easier document discovery and management to boost productivity
- Customer and Supplier Experience: build better relationships and improve sales cycles by providing quick access to information
- Error Reduction: by streamlining document discovery and critical information for decision-making



*“ECM allows us to spend less time handling the hard copies of invoices, filing, and document retrieval. It’s dramatically reduced the workload needed for these processes.”*

*Linda Larsen, Business Systems Admin | Precision Valve & Automation*



# Data Analytics and Visualization

## How data analytics and visualization enables Digital Transformation.

Data Analytics and Visualization help unshackle you and your team from the grind of data collection and static reporting. This technology, which can be fed directly from your ERP, brings numbers to life through dynamic reporting and compelling visualizations that help you pay proactive attention to revenue, expenses, and other KPIs that matter.

With real-time analytics delivered digitally, businesses can stay connected to their revenue and performance numbers and be able to make informed decisions promptly. The way you manage your business will be transformed because your decisions are backed by quantifiable insights.



## What to Consider When Choosing Digital Analytics & Visualization Technology:

- Designed Interface: for faster reporting, consolidation, customization, and drill-down of key data
- Customization options: to add, calculate, and visualize the numbers that matter most in the way your organization uses them, such as EBIT, margins, and ratios
- Cloud-based with secure access: available from anywhere for those with access and administrative permissions
- Multiple sources: an ability to bring a range of data sources together from across your business including your ERP – and even externally – to reveal what's really going on

## What you can Track:

- Time savings: fast and easy monthly reporting, consolidations, comparisons, customized statements, and permission-setting
- Reduced reporting admin: automatically report, analyze, and track numbers for legal and non-legal entities like branches, area departments, and specific product lines
- Faster, better decision-making: a single source of truth that is always up to date, without the headache and errors of managing static spreadsheets

*“Data is now more important than ever. My declaration was that we need a single source of truth, so every bit of data we have is going to funnel through our data analytics engine. Now we’ve got a myriad of dashboards and much more sophisticated forecasting. That’s really important in an environment like this.”*

*John Wiborg, CEO | Stellar Industries*



# Smart Shipping

## How smart shipping enables Digital Transformation

Smart Shipping technology is another way to venture into your digital journey. It enables you to process shipping transactions faster and more efficiently, critical when the pace of order fulfillment is growing every day and sales are happening faster than ever.

When shipping integrates with your ERP, details are automatically pulled in, shared with carriers via the web, and estimated for freight charges and tracking information. All of this automatically appears in your ERP system in real-time, letting you process any shipment using any licensed carrier all from the same screen. You'll see a significant reduction in errors associated with manually taking data from the carrier to your ERP system. And finally – if integrated – all this triggers automated invoicing of freight charges. The most significant business outcome Smart Shipping delivers is the ability for your employees to handle inquiries from customers anxiously awaiting their deliveries. The impact on customer satisfaction can be transformative. Your employees are better equipped to handle inquiries from customers anxiously waiting for deliveries, transforming how you serve your customers.

### What to Consider When Choosing Smart Shipping Technology:

- Support for multiple carriers: to enable rate shopping and provide customers with options at the time of quoting, ordering, or shipping
- Automation: to instantly trigger bill of lading generation, email notifications, invoicing, and other key points in the shipping workflow
- Easy to use interface: ensure your Smart Shipping technology is adopted and loved by employees, carriers, and customers
- Integration with ERP: seamless connections to your ERP system ensures a quick process of shipping transactions more efficiently

### What you can Track:

- Reduced overall freight spend: benefit from improved shipping productivity; do more with less by automatically streamlining multiple tasks into a single workflow
- Elimination of errors, surcharges, and fines: manual errors no longer lead to poor estimations
- Improved customer service: provide customers with the best rates and multiple shipping options at multiple points throughout the sales cycle; seamless email notifications as orders are processed and shipped
- Reduced onboarding and training time: with automated processing, benefit from less training on fewer workflow steps

*"When we integrated our shipping with ERP, we quadrupled sales, reduced shipping days from four to one, and vastly improved productivity. This is our foundation to thrive in this hyper-competitive environment."*

*Mary Porter, CEO | Emergent Safety Supply*

# Electronic Data Interchange

## How Electronic Data Interchange enables Digital Transformation.

Electronic Data Interchange (EDI) is a set of standards that defines common formats for information to be exchanged electronically between two organizations that do business together – or “trading partners.” It allows companies to speak the same language electronically and communicate more efficiently to be digitally connected.

EDI eliminates paper-based process and manual processing – and the inefficiencies that come with it – by automating the electronic flow of information in packets of formatted data. It has become a global standard for information exchange between trading partners.

Documents exchanged through EDI may include invoices, purchase orders, advance shipping notifications, student transcripts, healthcare claims, and many more. By considering EDI technology, a distributor is no longer on an island; they introduce themselves into the supply chain.

## What to Consider When Choosing EDI Technology:

- Supports trading partners: consider how many trading partners with whom you’ll need to exchange EDI, the types of transactions required, and the frequency. These will drive the mapping, translation, and communications requirements best for your business.
- Integration with back-office systems: to ultimately realize the full benefits of EDI, integration with your business systems is critical. Ensure the EDI you choose can receive and share information with these systems. Additionally, if some manual data will be required, look for a system that allows this as well.
- Resources and commitment: depending on the team, resources, and time available to deploy and manage EDI, you may consider a range of options including web-based, managed services, installed software, or cloud-based. Cloud tends to be the best option for companies looking for flexibility and control without the IT overhead.

## What you can Track:

- Cost savings: automating the flow of information, and reducing human manual work, savings on overhead, printing and paper, data entry errors, inventory, and penalties and chargebacks.
- Partner collaboration: because data sent via EDI is never physically ‘touched,’ the likelihood of errors is greatly reduced, promoting stronger relationships between trading partners. More importantly, valuable partner information is visible faster and easier with inventory status, forecasts, and more.
- Improved efficiency: sending information via EDI takes just seconds or minutes. Partners can act on received data immediately and with less manual work, meaning more efficiency for both you and them. This is even more true when integrated with your internal business and accounting systems.
- Greater security: information exchange becomes more secure using encryption and other security protocols.



*“I used to spend a ton of time trying to find the data to dispute chargebacks, but now it’s so easy to locate the data and extract the right information.”*

*Lori Julius, Vendor Compliance Manager | Lifetime Brands*

Section 3:

# Three Lenses for Going Digital

## What You'll Find in This Section:

- **People:** designing digital initiatives for customers and employees
- **Strategy:** ensuring strategic alignment and returns
- **Capabilities:** accessing technology and resources to implement

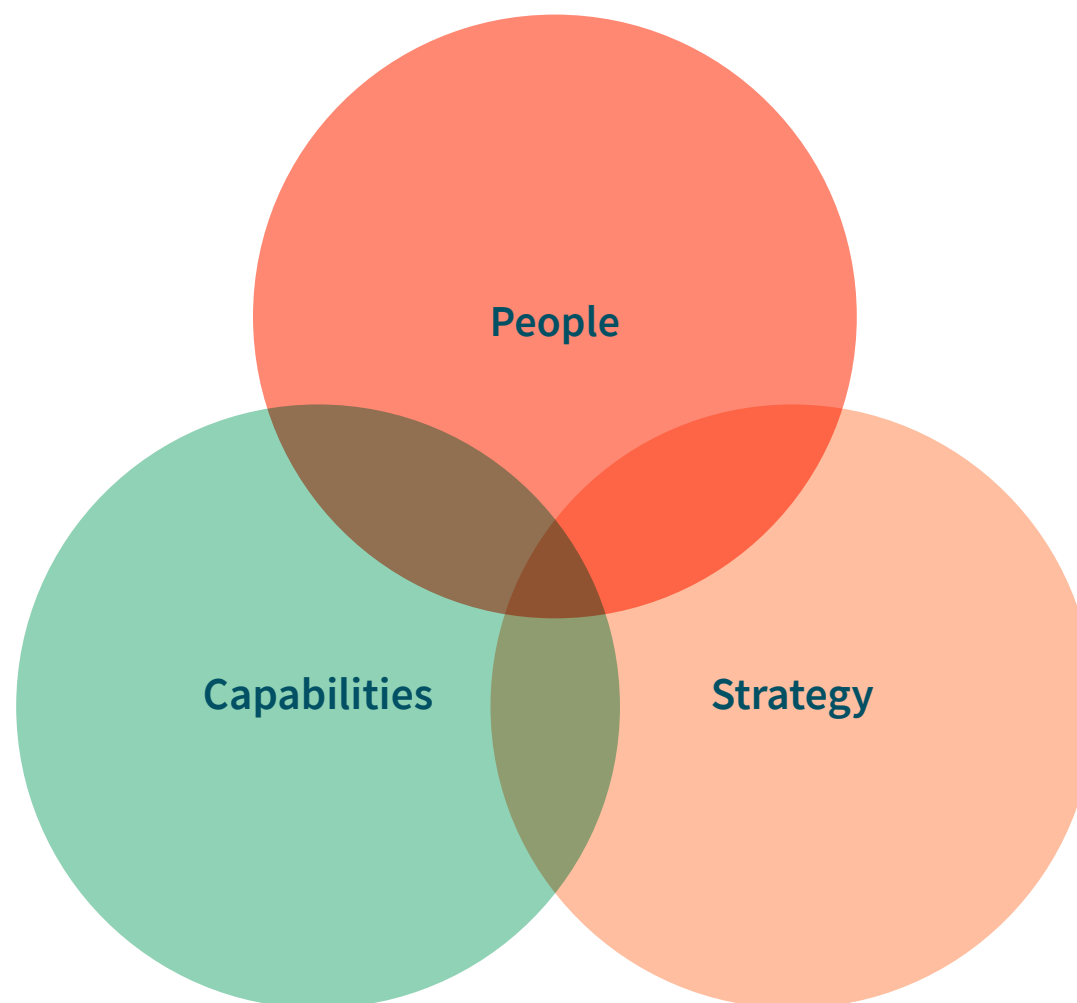


# Introduction to the Three Lenses

It's easy to assume that Digital Transformation is all about technology. While the key enablers of going digital are of course new and emerging technologies, it is important to understand that there are two other critical factors for successful Digital Transformation: people and strategy. Remember, technology is an enabler for your business, which is largely driven by people: customers, employees, and partners.

The intersection of these three lenses – People, Strategy, and Capabilities – forms the sweet spot for unlocking new value and growth for your business. These lenses are inspired by Design Thinking, an approach to tackling business opportunities by integrating the needs of people, the possibilities of technology and capabilities of your business, and the strategic goals of your business<sup>1</sup>.

In the following pages, we'll dive into each of these three critical lenses to help you answer key questions that maximize success when bringing digital solutions into your business.



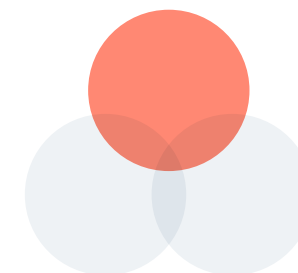


*“We, and more of our customers, are jumping online and buying. We need to get ahead of the click. We have to give people access to the tools they need to do their jobs right on the shop floor.”*

*Matt Schron, General Manager | Jergens Industrial Supply*

## Lens 1:

# People

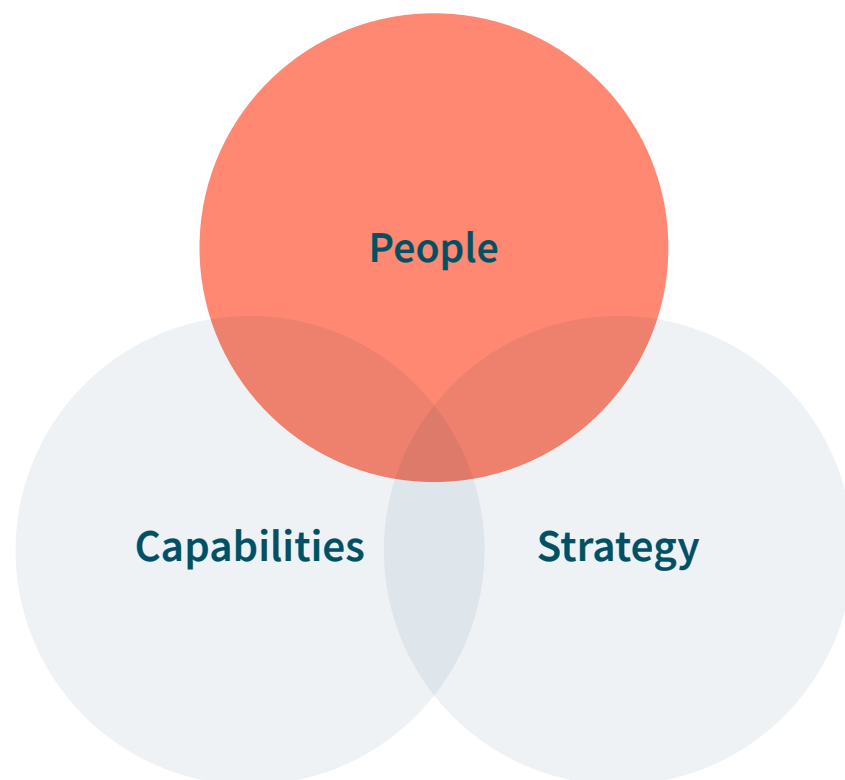


### Will your customers, employees, and partners love it?

For any new digital initiative to succeed, it must be adopted and used by people. When it comes to customers, this means asking: what are the pain points or unmet needs my customers might have when it comes to interacting with or purchasing from our business? Often, prioritizing these areas for your first digital initiatives with the largest impact provides momentum for continuing the digital journey.

Of course, customers aren't the only people who need to have their needs met when it comes to working with you. Employees and partners can also benefit from digital initiatives. You may already be aware of, for example, manual data entry tasks that are burdensome and time consuming for your employees. Targeting these areas with digital solutions has the added benefit of – over and above improving productivity – attracting and retaining digital natives and learning-hungry talent. For partners, removing obstacles to better collaboration and information sharing leads to more fruitful and seamless partnerships.





**In summary, the key questions to ask when it comes to identifying and pursuing digital initiatives that can positively impact your people are:**

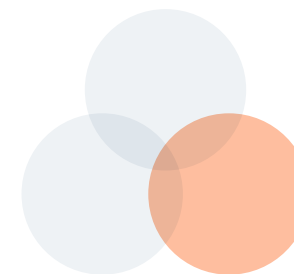
- Does this solve a known or suspected pain point – or create new gain – for our customers by making something easier, faster, cheaper, or more enjoyable?
- Does this improve the lives and work of our employees and partners by removing friction, improving productivity, or freeing up their time to work on higher-value activities?

**Want to put this part of the playbook to use? We've included a scorecard in Section 4 to help you prioritize digital initiatives based on your answers to these critical questions for People, Capabilities, and Strategy.**



*“[The cloud] has allowed us to streamline our efforts and decrease the amount of human capital needed to grow our business. It has allowed us to focus on our strategic plan and our long-term vision.”*

*Vivian Pappel, President | Midland Scientific Inc.*



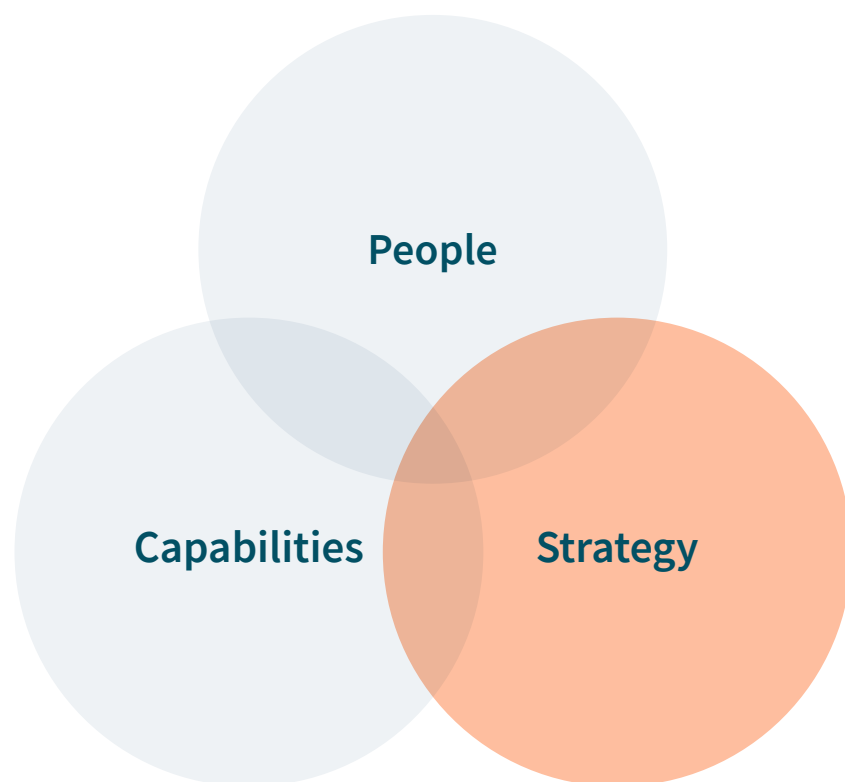
## Lens 2:

# Strategy

### Do the business benefits make this initiative worth it?

The key to prioritizing digital technologies and integrations that create real value in pursuing those that make sense from a financial and strategic perspective. One key is understanding how the costs of implementing and maintaining digital technology will compare to the benefits it will deliver. Prioritizing initiatives that generate the most value – either cost savings or revenue optimization – will create the most bang for your buck. Luckily, many digital technologies come with favorable cost factors, such as decreased maintenance, lower overhead, and reduced need for hardware. This makes the business case for digital technologies easier to make.

The other factor to consider is whether the digital initiative drives your overall business strategy with greater speed, impact, or sustainability. If, for example, a key pillar of your company’s strategy is to increase market share, this can be a helpful decision-making criteria.



In summary, the key questions to ask when it comes to identifying and pursuing digital initiatives that can positively impact your strategy are:

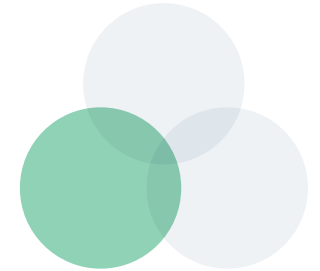
- Does this initiative deliver benefits that are significantly greater than the cost of implementing them? Is the business case clear, measurable, and monitorable?
- Does the initiative help us move forward on larger business goals that are declared as a priority?
- Does the initiative create agility, flexibility, and speed that allows us to tackle new, not-yet-identified opportunities that make us more resilient?

Want to put this part of the playbook to use? We've included a scorecard in Section 4 to help you prioritize digital initiatives based on your answers to these critical questions for People, Capabilities, and Strategy.



*"We are not in the business of managing technology. We are in the business of distribution. We made every effort to launch without complex customizations – we've been able to do a lot out of the box with today's solutions."*

*Scott Young, President | George E. Booth Co. Inc*



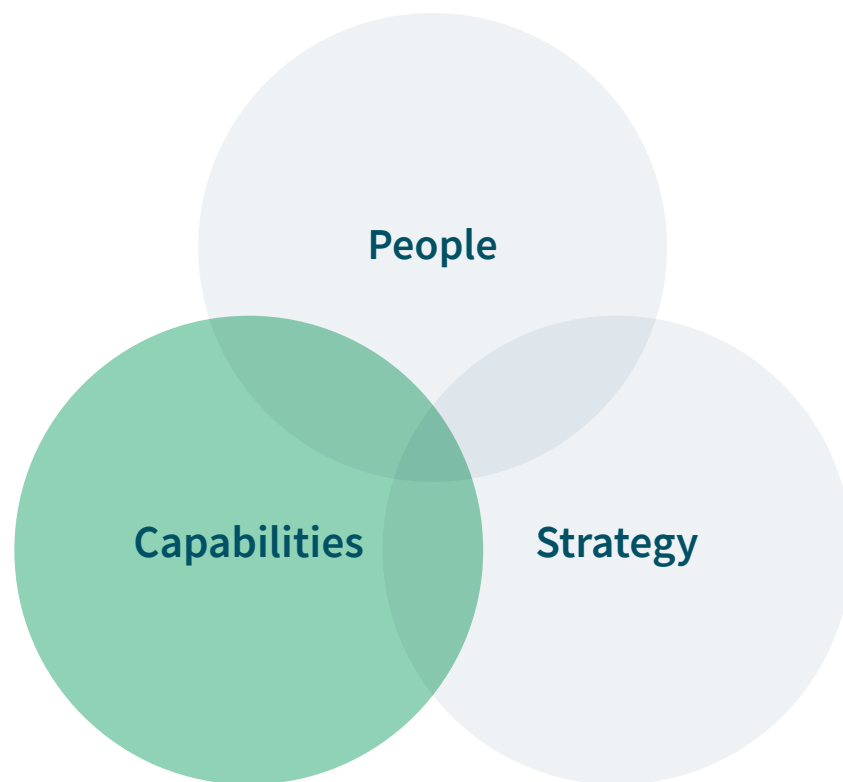
### Lens 3:

## Capabilities

**Do we have – or can we access – the technology and capacity needed?**

Of course, for digital technologies to work inside your business, they need to be able to perform the capabilities imagined. In other words, the question here is “can we do it?”

This applies to the technical feasibility of a digital solution, but also your organization’s capacity to be able to sponsor, support, and lead. Take a look behind the scenes of successful Digital Transformation initiatives and you’ll note key patterns in how the business provided the capacity to ensure the project was successful and smooth in its implementation. These include things like making a senior team member accountable for leading the initiative, ensuring other key team members are given supporting and consultative responsibilities, and identifying clear lines of communication concerning reporting and maintenance.



**In summary, the key questions to ask when it comes to identifying and pursuing digital technology, and your capability to do so are:**

- Do we have access to the technology – either in-house or through a partner – that makes this initiative feasible?
- Have we identified, communicated with, and enabled the people and resources inside our organization to design, deploy, and oversee this new digital initiative?

Want to put this part of the playbook to use? We've included a scorecard in Section 4 to help you prioritize digital initiatives based on your answers to these critical questions for People, Capabilities, and Strategy.

Section 4:

# Plotting your Digital Roadmap

## What You'll Find in This Section:

- Horizon 1: Improvements
- Horizon 2: Innovations
- Horizon 3: Transformations

*"We were with the old system for 40-some years. We were comfortable, and to get out of that rut is tough. But now, I just see so many exciting horizons to go into. This will help us grow into the future. I think it will definitely help our bottom line and give us the profits that we need to grow."*

*Monatto Smith, VP Sales | Transply Inc*

## Introduction to Plotting Your Digital Roadmap

With all the possibilities that new digital technologies can offer your business, it can be difficult to know where to begin.

In this section, we introduce a way of categorizing your digital initiatives into three horizons – Improvements, Innovations, and Transformations – each representing a great level of complexity, but also a greater potential reward to your business and customers.

# Improvements

There are practical and valuable ways to pursue Digital Transformation that don't require a total overhaul of your business. Many distributors find success by prioritizing high-need areas of their current operations that can be enhanced quickly while delivering ROI. These types of initiatives, called **Improvements**, solve for today's known pain points.

Improvements initiatives also have the benefit of serving as great stepping stones to larger initiatives in the future. They help rally your team, demonstrate success, and install foundational capabilities that can be built upon for future, more ambitious initiatives.

## Case Study:

### How LH Industrial Supplies boosted revenue and productivity with the Cloud

Tools, adhesive, and bolts distributor LH Industrial Supplies was increasingly aware of slow order processing times when compared to other competitors. With data across multiple on-premises servers, their sales team struggled to access information and often needed to do so in their offices, leading to delayed response times to customer inquiries. By moving key sales and ERP data to the cloud, the sales team can now manage sales wherever they are. LH Industrial Supplies' president credits the project with boosting revenue and overall productivity by 3%.

This Improvement came about from rethinking an existing business process and making it faster, cheaper, and better through digital technology. It is an excellent example of the value waiting to be unlocked quickly in your business, without undergoing radical transformation all at once.

*"We're more efficient in our warehouse than we've ever been before"*

*Kregg Cheek, President | LH Industrial Supplies*

# Innovations

**Innovations** go one step further than Improvements by introducing new elements to your business. This can apply to new revenue streams, customer segments, or products. Innovations don't have to be groundbreaking to qualify. Often, the world's most innovative companies identify Innovations in other markets or regions and simply make them work in their own business.

Take eCommerce as an example. While e-commerce may seem obvious only in B2C contexts, you will recognize similar pain points in B2B customers, who also want the ability to browse products anywhere and at any time to make easy online purchases.

## Case Study:

### How CJ Spray introduced e-commerce faster and easier with ERP integration

When investing in e-commerce, sprayer, washer and protective gear distributor CJ Spray benefitted from already having their ERP migrated to a cloud-based system. The original Improvement project – ERP – made e-commerce implementation faster by having a consistent and reliable source of data. It also made their e-commerce system more stable, by not having to worry about on-premises servers going down.

When Improvements and initiatives make Innovations faster and easier, such as in the example above, the time-to-value of digital technologies is significantly reduced. This makes bigger rewards possible sooner, largely through the power of integration.

*"We don't have to worry with what will happen to our new e-commerce channel if a server goes down"*

*CFO John Marzittel*



# Transformations

If Improvements drive efficiency and speed and Innovations help realize growth and expansion, then **Transformations** can be thought of as the larger-scale reimagination of your business and industry as a whole. Transformations is the horizon where new disruptive offerings change the way your industry works, ultimately challenging the status quo.

As a business, when you lead Transformations at this scale, you create the opportunity to foster a true competitive advantage. This level of Transformations relies on technologies that are critical for your business to be aware of and, over time, begin applying, including artificial intelligence (AI), the internet of things (IoT), and blockchain.

## Case Study:

### How Jergens Industrial Supply used IoT to achieve 30% productivity gains and compete with big players

Jergens Industrial Supply (JIS), a distributor of industrial products, represents over 300 manufacturers and needed a frictionless inventory management solution to beat the competition. They wanted to convert their vending machines at customer sites into smart machines. They integrated the machines with their ERP and achieved a 30% productivity gain.

They then engineered Wi-Fi-enabled IoT Buttons for on-premises remote product resupply. This made possible exceptional service to smaller customers with lower inventory volumes. The solution provides a replenishment method to manage and maintain larger oversized items that are too large to fit into vending machines. The buttons cost \$10-15 each, as opposed to vending machines that can run up to \$50,000.

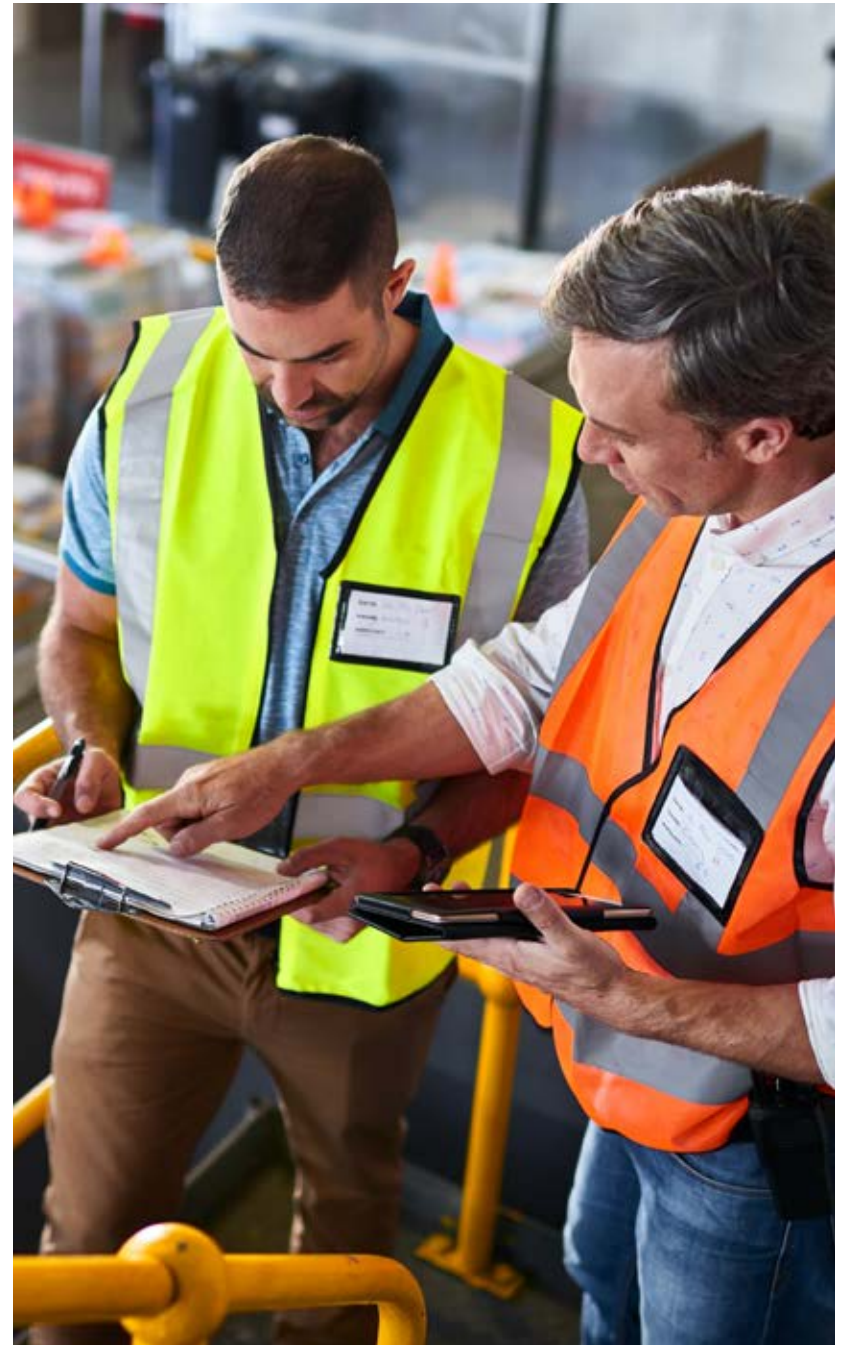
*“The ever-growing competition of Amazon presented a compelling business case for us to start innovating in order to achieve our goal of ‘getting ahead of the click’ and offering customers faster, better delivery at lower cost. We’ve reached a whole new customer demographic.”*

*Matt Schron, General Manager | JIS*

## Section 5: Summary

### What You'll Find in This Section:

- Summary of key lessons to help your Digital Transformation initiatives
- 1-page Digital Initiative Canvas that can help your team use the parts of this Playbook to get moving today



# A Summary of Key Themes From This Playbook

Through the five sections of this playbook, you've been introduced to some of the key pieces to making Digital Transformation work for your business. In summary, those pieces are:

## 1. Make the compelling case for change

Knowing exactly what Digital Transformation means you can now make the case for change – and join the 75% of leaders who plan to have a digital roadmap in place by 2022.

## 2. Look beyond the technology to find outsized success

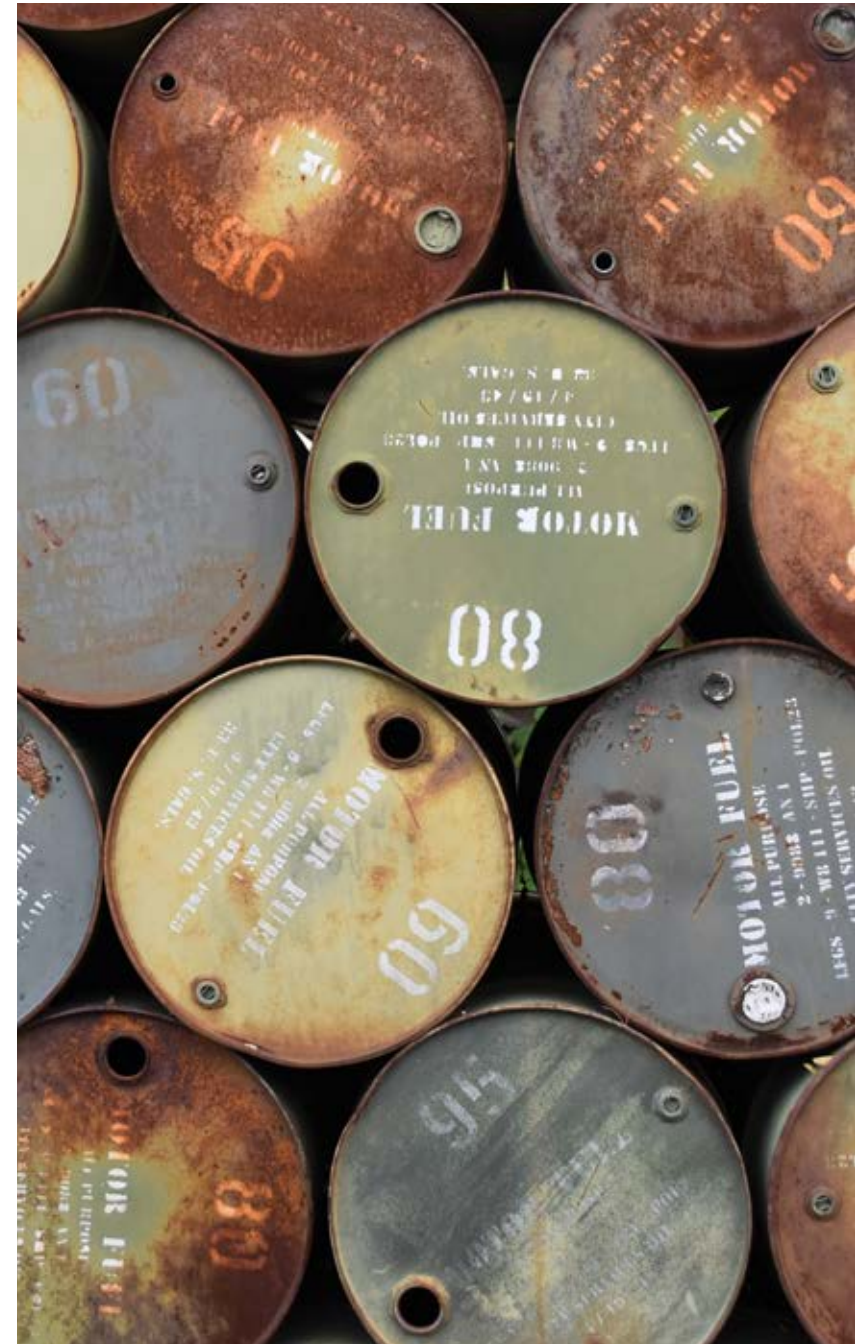
Making digital work for you isn't just about technology. Successful Digital Transformation means taking three perspectives: People, Strategy, and Capabilities.

## 3. Understand six key digital technologies

These technologies – eCommerce, Cloud, ECM, Data Analytics, Smart Shipping, and EDI – can unlock new value without the need for a major overhaul of your business.

## 4. Plot your Digital Transformation roadmap across three horizons

Categorize Digital Transformation efforts into three horizons – Improvements, Innovations, & Transformations – to plot your way from starting point to market disruptor.



# How to Use This Playbook to Kickstart Digital Transformation:

You likely already have ideas for how digital solutions can improve your business, make your customers' and employees' lives easier, and drive bottom-line results. **Now what?**

## Introducing the Digital Initiative Canvas

The best way to begin your Digital Transformation is to bring your team together to brainstorm, prioritize, clarify, and align digital initiatives? Capture it in a 1-page format that easily explains the elements of your initiative using the tools and methods introduced in this Playbook.

Imagine the power of a simple, one-page template that anyone in your organization – from senior leadership to the front lines – can read and understand in 20 minutes or less to see your vision for Digital Transformation.

This is the purpose of the Digital Initiative Canvas, a tool that brings together all of the elements in this Playbook to help get your journey kickstarted faster and with greater clarity across your team.


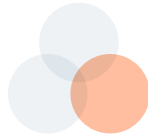

## How to use the Digital Initiative Canvas

The canvas can be used in a few ways depending on where you are in your journey. Use it in all or some of the ways described below in a team session to Brainstorm, Iterate, and Prioritize digital initiatives:

- 1. Brainstorm:** have team members fill out multiple versions of the canvas to describe their ideas for using digital technology
- 2. Iterate:** have team members share their ideas with the whole group, and then color-code parts of the canvas: green for 'ready' and yellow for 'let's improve'
- 3. Prioritize:** use the Digital Initiative Scorecard to rank the improved-upon ideas. Start planning the 1-3 highest-scoring. Park the others to pursue later.

# The Digital Initiative Scorecard

**Initiative Name:** Give your digital initiative a short name that will be memorable and galvanizing for your organization.

 <p><b>Lens 1 - People</b></p> <p><i>Provide a clear, succinct answer to each of the critical People questions below:</i></p>	 <p><b>Lens 2 - Strategy</b></p> <p><i>Provide a clear, succinct answer to each of the critical Strategy questions below:</i></p>	 <p><b>Lens 3 - Capabilities</b></p> <p><i>Provide a clear, succinct answer to each of the critical Capabilities questions below:</i></p>	
<p>Does this solve a known or suspected pain point – or create new gain – for our customers by making something easier, faster, cheaper, or more enjoyable? How?</p> <p><i>Write answer here</i></p>	<p>Does this initiative deliver benefits that are significantly greater than the cost of implementing them? Is the business case clear, measurable, and monitorable?</p> <p><i>Write answer here</i></p>	<p>Do we have access to the technology – either in-house or through a partner – that makes this initiative feasible?</p> <p><i>Write answer here</i></p>	
<p>Does this improve the lives and work of our employees and partners by removing friction, improving productivity, or freeing up their time to work on higher-value activities? How?</p> <p><i>Write answer here</i></p>	<p>Does the initiative help us move forward on larger business goals that are declared as a priority?</p> <p><i>Write answer here</i></p>	<p>Have we identified, communicated with, and enabled the people and resources inside our organization to design, deploy, and oversee this new digital initiative?</p> <p><i>Write answer here</i></p>	
	<p>Does the initiative create agility, flexibility, and speed that allows us to tackle new, not-yet-identified opportunities that make us more resilient?</p> <p><i>Write answer here</i></p>		
<p><b>Digital Roadmap – which horizon is our initiative in?</b></p> <p><i>Mark the box beside the horizon that best describes where this initiative sits in your overall digital roadmap:</i></p> <div style="display: flex; justify-content: space-between;"> <div data-bbox="107 1273 448 1380"> <input type="checkbox"/> <b>1- Improvement</b> This solves for the known pain points in our business as it operates today.         </div> <div data-bbox="504 1273 907 1380"> <input type="checkbox"/> <b>2- Innovation</b> Introduces new elements to our business, making possible something that wouldn't otherwise be.         </div> <div data-bbox="963 1273 1344 1380"> <input type="checkbox"/> <b>3- Transformation</b> Larger-scale reimagination of our business and industry as a whole, challenging the status quo.         </div> </div>			<p><b>Enabling Technologies</b> <i>Mark the box beside the digital technologies you believe can enable this initiative and its outcomes:</i></p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div data-bbox="1503 1098 1691 1161"><input type="checkbox"/> eCommerce</div> <div data-bbox="1821 1098 2049 1161"><input type="checkbox"/> Data Analytics &amp; Visualization</div> <div data-bbox="1503 1209 1637 1273"><input type="checkbox"/> Cloud</div> <div data-bbox="1821 1209 2045 1273"><input type="checkbox"/> Smart Shipping</div> <div data-bbox="1503 1321 1753 1385"><input type="checkbox"/> Enterprise Content Management</div> <div data-bbox="1821 1321 2045 1385"><input type="checkbox"/> Electronic Data Interchange</div> </div>



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