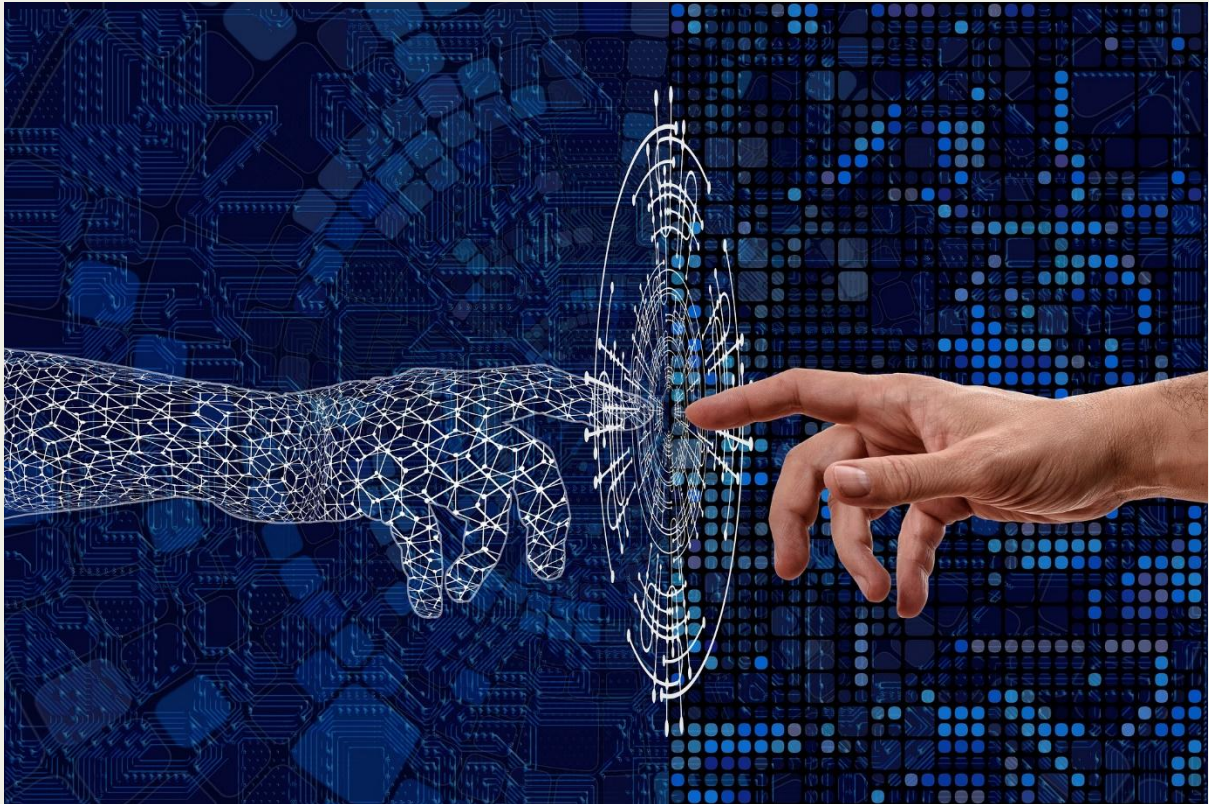


# HumAInity Works

## 15 Reasons why Digital Projects Fail

Is there light at the end of the tunnel?



## The Author



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David has also been particularly active in assisting innovative technology start-ups in developing new business models and monetization strategies, using blockchain, artificial intelligence, IoT, Bluetooth low energy, and the cloud as underlying technologies to disrupt existing industries. On the academic front, David is a Certified Public Account and holds a Master's Degree in Business Administration (with Distinction) conferred by the University of Warwick.

## Contents

The Author.....	2
A Introduction .....	4
B Technology Focus.....	5
1 They emphasize functions, not benefits .....	5
2 CIOs lead the process, not the Senior Leadership Team .....	6
3 They focus on implementing the technology & not how to change the business .....	7
4 They think that technology is the solution, not a tool.....	8
C There is no unified vision.....	9
5 A Digital Roadmap is Inexistent .....	9
6 If a Digital Roadmap exists, it is not aligned with the Business Strategy .....	10
7 They do not know where they are on their journey .....	11
8 Individual Systems are rolled out without proper thinking about the whole.....	12
D They fail to rally the troops behind them.....	12
9 They fail to identify, prioritize and consult stakeholders right from the start .....	13
10 They fail to realize that Digital Programs upset the power balance .....	14
11 They fail to consider how technology can be of benefit to their people .....	15
12 They fail to communicate the roadmap, the vision, and the purpose to inspire people .....	16
E Implementation is managed as a linear, not as an iterative process .....	17
13 They are governed by a lack of or inappropriate project management processes.....	17
14 They think that technology is plug and play .....	18
15 They are largely driven by the Technology Vendors .....	19
F Is there light at the end of the Tunnel? .....	19

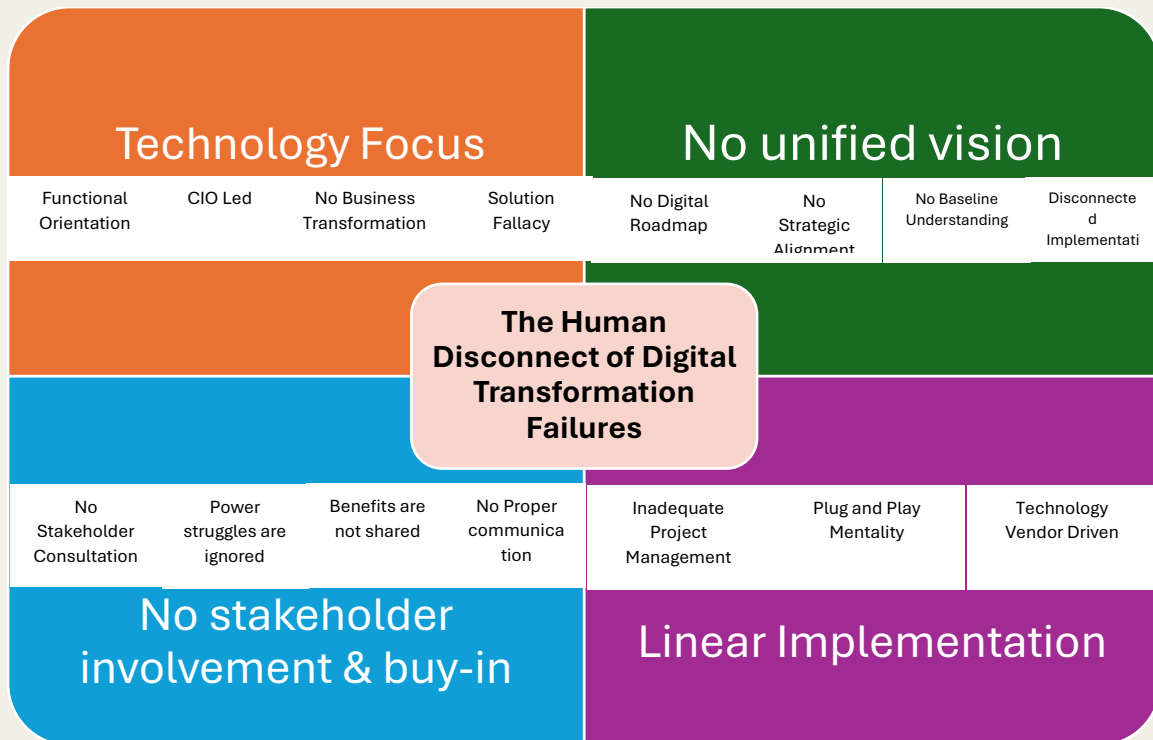
## A Introduction

Have you ever failed in your life? Be honest with yourself and with others. How many times have you been led to believe that only losers fail and winners always succeed? There is no shame in failing to succeed. The real shame is in not trying to succeed. Denzel Washington in an inspiring commencement speech to graduates of the University of Pennsylvania and Dillard University said “to get something you never had requires doing something that you never did<sup>1</sup>”. Failure does not necessarily mean losing. It can mean learning better ways to succeed.

In organisations, not even trying to change is itself a failure. Not changing is moving backward. You need to keep running even if it means tripping sometimes along the way. Unfortunately, the statistics are not stacked in your favour. More than 80% of digital transformation projects fail outright or do not achieve the desired outcomes. Whilst some failure is inevitable along the journey, organizations must be doing something seriously wrong to achieve such dismal results. But why do such digital projects fail? In most cases that we have been called in to pick up the pieces, failure was largely the result of a crucial disconnection between the technology being implemented and the humans (or stakeholders) being impacted by such systems. The underlying reasons for such disconnection may be broadly classified into four main themes as follows:

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<sup>1</sup> [Denzel Washington "Fall Forward" Commencement Speech Transcript | Rev](#) accessed 26<sup>th</sup> September 2022



## B Technology Focus

Digital transformation is more about business and people than it is about technology. Unfortunately, these words of warning frequently fall on deaf ears. Most organisations fail because they focus on technology but disregard the business and people dimensions.

### 1 They emphasise functions not benefits



Technology projects are often not supported by a proper business case. Proposals emphasise the bells and whistles of the system but not the business value. How many times have you sat in a board meeting hearing a technology guru talk about the fascinating features of a complex web of technology

systems to be implemented walking you painfully through a demo? Knowing how it works may be important at a technical level to gain confidence in the system. But the real question that the board of directors needs an answer to is what value can a digital transformation roadmap bring to the business. And this question is often left unanswered. Instead,



decision-makers get proposals outlining investment costs to implement the systems and the operating costs required to run them. But such proposals rarely outline the goals that will be achieved, the measurable improvements in performance, and payback. With this mindset, management is effectively positioning technology as a cost (or rather a necessary evil to sustain operations) as opposed to a strategic asset from which a competitive advantage will be achieved.

But how do you measure the value of a digital transformation programme and from where do you even begin? In its most simple form, the value would be measured by reference to the discounted cost savings or additional revenue streams that could be generated over the useful life of the digital transformation program. The problem is that not all value may be easily ascribed with a dollar sign.

## 2 CIOs lead the process, not the Senior Leadership Team

Successful implementation of digital transformation programmes requires expertise and power to influence. Most organisations I have seen typically make the Chief Information Officer in charge lead such initiatives. These ranged from Airlines, Airports, Health Infrastructures, Energy, Financial Services, Banks, and insurance companies amongst others.

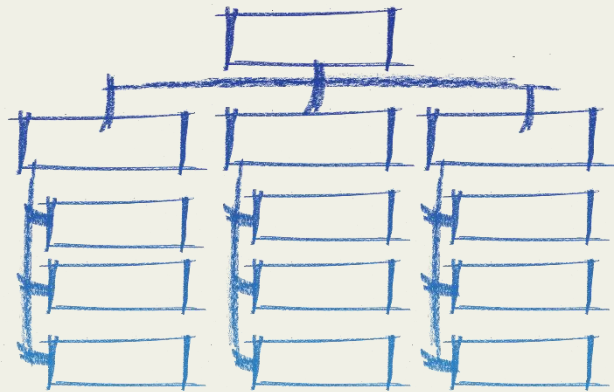


From my experience, CIOs are typically very competent and highly technical when it comes to designing, developing, and implementing technology structures and systems within organizations. In most cases, CIOs acknowledge the critical role played in redefining business processes for successful transformation although this is generally considered to be subservient to the technology. The problem is that CIOs have neither the clout (in terms of power) to implement nor the expertise to determine the business need of a specific business process being transformed.

Business Process Owners are typically appointed but their function is largely focused on determining what they need rather than driving the transformation process themselves. Moreover, this is frequently viewed as additional work that needs to be carried out over and above their day-to-day duties which normally take precedence. The senior leadership team is usually kept informed of the progress but does not lead the digital transformation process. In the absence of direct commitment from the senior leadership team, it is unlikely that the digital transformation programme would gain enough legitimacy amongst business process owners to get off the ground.

### 3 They focus on implementing the technology & not how to change the business

It always amazes me how several organisations (even those that should know better) fall into this trap repeatedly. We frequently observed organisations buying off-the-shelf integrated ERP Systems fully expecting them to make the magic happen only to be met with disappointment and frustration. They fail to see how technology could bring about opportunities to disrupt their




business model. This phenomenon is not something new in the history of technology. We all remember (at least those of us with some grey hairs), the rise and fall of the dot.com bubble when the internet went mainstream. Indeed, the internet gave rise to a pandemic of small start-ups venturing into the realm of eCommerce claiming to be unique alternatives to their traditional brick-and-mortar counterparts. In reality, most of these start-ups were not offering anything new. They simply replicated a brick-and-mortar business model into a virtual space. It was more of the same offered through yet another distribution channel. No wonder more than 90% of these dot.com startups failed miserably. Does anyone remember Pets.com, Webvan, eToys, Flooz, and Drkoop? These companies went into oblivion along with hundreds of other companies notwithstanding multi-million-dollar investments made by investors. The real successful organisations reinvented new business models that leveraged the power of technology and data processing offering an enhanced customer experience along with customized content. This is the very essence of success that has made Amazon, Netflix, Facebook, and eBay the giants they became today.

Unfortunately, history seems to be repeating itself even with the advent of new technologies such as artificial intelligence and blockchain. Several clients have made futile attempts at implementing new technologies without changing the underlying processes. Transformation is viewed in terms of functions as opposed to processes and focused primarily on cutting costs rather than generating value.

I have been asked to review various whitepapers of start-ups in the blockchain space claiming to “disrupt” their industry “using Distributed Ledger Technology”. Many of these incumbents have missed the point. Yes, DLT is disruptive in that it uses a “distributed” approach to processing transactions in comparison to a “centralised” approach used by traditional systems. But simply replacing a centralised system with a distributed system does not make your business model disruptive. Like most of the dot.com companies of the early 2000s that have perished, it simply offers more of the same using a different technology.

#### 4 They think that technology is the solution, not a tool



Information Systems are not solutions. They are simply tools such that their effectiveness in addressing a specific problem is contingent on how they are used. I recall some time ago, one client of mine involved in the construction industry wanted to have access to better and improved access to information to make decisions. In an attempt to achieve his aim, he acquired an expensive business intelligence tool that had in place complex algorithms to analyse the data required to generate the results. The crucial problem was however that the client did not have in place proper back-end systems through which the data could be cheaply acquired and analysed in real-time by the new BI tool. This resulted in a process wherein most data had to either be keyed in manually or migrated from the current systems following an extensive validation process that was taking a significant amount of time. The process was so labour-intensive, that the client ditched the system. Just as efficient processes are rendered more efficient through automation, the inefficiency of processes is also amplified through automation. This means that technology will make your problems worse unless you get your house in order first.

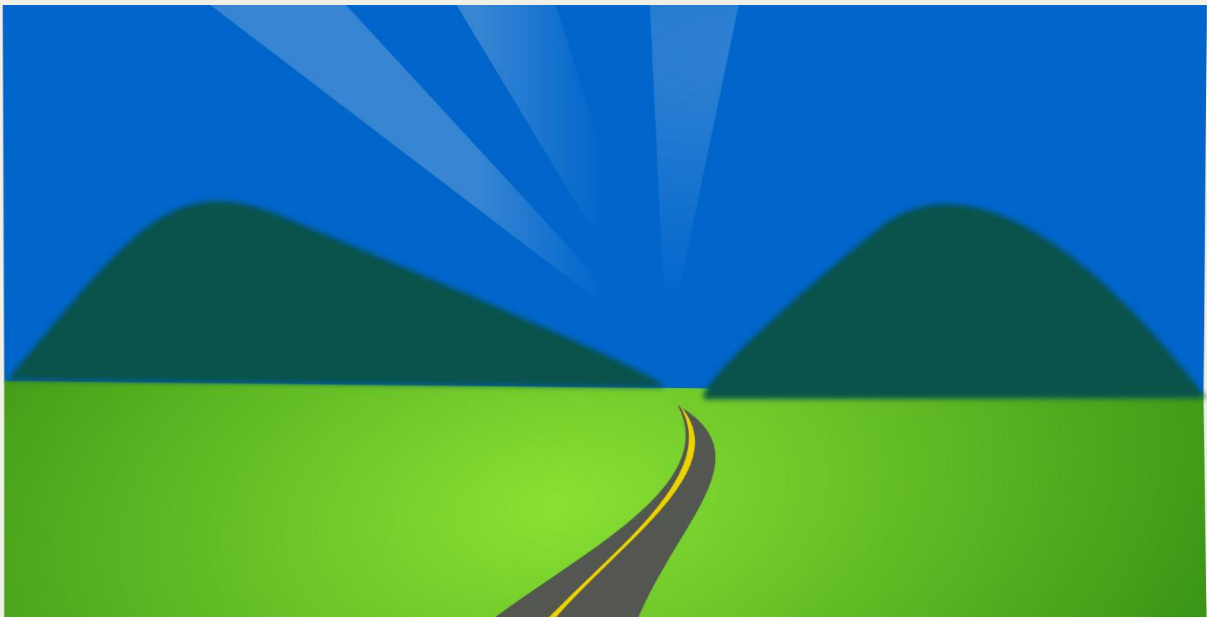


Many organisations view the implementation of technology as an end in itself. They do not see it as merely a means to an end. They think that the go-live date is the end of the journey. It is the beginning.

## C There is no unified vision

A digital transformation programme is only valuable to the extent that it achieves a given purpose. This may seem obvious. Yet it is indeed surprising how many digital transformation programmes fail by design because they lack a clear purpose.

### 5 A Digital Roadmap is Inexistent



A purpose is not to be confused with high-level objectives set for specific systems. Indeed, most organisations want to achieve a specific outcome from a given system. I can name several examples from my previous experience. An insurance client wanted to implement an insurance system to automate the underwriting and claims process. A retail company in the furniture industry wanted to move its business online to increase its sales. A construction company wanted to introduce an inventory system to improve its control over the purchasing and storage of materials. The list goes on and on. But what most of these examples lacked was a proper vision or higher purpose of what a holistic digital transformation program was expected to achieve. Is it to improve the overall customer experience? Is it to become lean and deliver products and services more efficiently? Or is it to develop dynamic capabilities to be able to adapt to changes in the external environment? Each of these scenarios merits a different transformation approach requiring the alignment of strategy, structure, systems, processes, and people across the entire ecosystem.

Yet in several cases, we observed that digital projects initially started as small contained initiatives and progressively morphed into a programme that is bigger than what the organisation could chew. In other cases, digital projects had been launched as a knee-jerk reaction to put out unexpected fires. In most of these instances, there was no defined programme of works setting out priorities of digital projects to be implemented and the outcomes to be generated.

## 6 If a Digital Roadmap exists, it is not aligned with the Business Strategy

The absence of a digital roadmap is more pervasive in small and medium-sized enterprises. This is largely because they typically lack the required supporting infrastructure to manage complex digital projects. Larger firms typically recruit seasoned professionals who are experienced in the design and development of such roadmaps. But even in such cases, we frequently observed inconsistencies between the digital strategy and the overall business strategy.



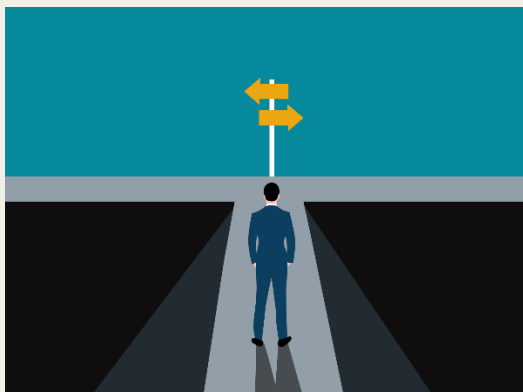
The linkage between business and digital strategy is indispensable since the latter should focus on the achievement of critical business outcomes. For instance, task automation and system integration become crucial in a low-cost leadership strategy. In contrast, customer experience and omnichannel management become the essential elements of a differentiation-based strategy.

Whilst the importance of linking business strategy to digital strategy is well established, the segregation of responsibilities for business and digital strategy makes this difficult to achieve in practice. This fact alone underscores the criticality of the senior management team to lead the digital transformation process as it is best placed to provide a unified direction to the company as a whole.

## 7 They do not know where they are on their journey

Have you ever tried using a map to find the direction of where you need to go to reach your destination without knowing where you are first? I vividly remember the old days before GPS was miraculously invented (thank God for that) on road trips struggling my way through a maze of roads desperately deciphering what twists and turns to take in the hope of reaching my destination. The real challenge was not to find which road to take. The problem was to find my current location on the map! Once I found the position, the rest was easy.

The moral of this story is crystal clear. A destination requires the direction of where you want to go, but direction also requires knowing where you are. Yet many organisations fail to establish a baseline from where to start. They get lost in the journey because they do not know where they are. They attempt to leapfrog digital maturity stages in an attempt to beat the competition. They do not learn how to walk before they can run.



More importantly, such organizations underestimate the impact of their baggage and legacy systems on the success of their transformation program. Of course, visions are ideals that may never be achieved. But plans must be grounded on realistic expectations of what can be achieved. Knowing where you are, helps in understanding your limitations and challenges

thereby making realistic and achievable plans. Many clients I worked with are impatient. They do not want a snapshot because they think they already know where they are. What they fail to understand is that their view of reality may be distorted by their myopic vantage points.

## 8 Individual Systems are rolled out without proper thinking about the whole.

Individual systems are implemented to address a specific issue or problem. But in so doing, there is no assessment of how they impact the whole of the organisation. Implementation of sporadic systems creates additional complexities in managing data movements across systems. In response to surmounting problems in the store's department, one



of my clients in the construction industry installed a separate Access-based procurement module and a stock management system that included procurement functionality. At the same time, a separate work order system through which parts had to be issued was also implemented. Neither of these systems communicated with the other and required extensive manual input. This resulted in the duplication of the same data in different systems creating underlying errors and omissions. Senior management was faced with conflicting data since what was being procured could not be appropriately reconciled with what was being received in the store and issued to the maintenance and repair facility within the construction company. This example clearly shows that the implementation of one individual system could be hindered by the limitations of another system. To address these issues organizations frequently have to create workarounds that add further complexities.

## D They fail to rally the troops behind them

Systems do not work on their own (at least until now). They are reliant on people for data inputs, maintenance, and upgrades. In the case of AI systems, people are also required for “training” and “learning”. With progress, systems can make more and more decisions on our behalf giving rise to the cognitive enterprise. But to date, machines are only capable of making a narrow range of decisions. Artificial General Intelligence is not happening soon. Humans still rule the world. Despite this, it is indeed surprising how various organisations often heavily discount the importance of the people dimension in digital transformation programmes. How many times have I seen information systems designed and implemented without proper stakeholder involvement with expectations that people can go ahead and use them?

## 9 They fail to identify, prioritize and consult stakeholders right from the start



Successful digital transformation requires commitment and ownership from people. Ownership can only be achieved if those responsible for implementation are directly involved in the development of a solution. Management often fails to realize that those people working in the trenches often have the best insights for identifying specific solutions for specific problems. Instead, they expect people to acquiesce and do as they are told rather than play an active part in the design of the solution.

I distinctly remember being called in to save an ailing project forming part of a wider digital transformation programme. The entity was a refueling company that wanted to implement an automated system for processing fuel requested by their customers. Before the system launch, the company ended up with a dispute with its workers who were threatening industrial action. I was engaged by management as a third party to review the underlying processes, systems, and organisational practices and procedures to develop a mutually acceptable agreement between the two parties.

The initial reaction was hostile from worker representatives. I was viewed as the management's man with a suit brought in simply to legitimize the required change. And who could blame them, management was paying my fees after all. It was of paramount importance to build trust. I ditched the suit and spent countless hours in the field observing what they did and how they worked. I was no longer on the pedestal. They saw me covered in dirt and drenched in sweat. I recall them teasing me as I vainly tried to connect the hose for a refueling operation. I failed miserably. It was surprisingly very heavy. But I was no longer up there standing all high and mighty. To them, I became human, a person who could understand their concerns and limitations. But as soon as I became human, they opened up to their weaknesses and fears. They refused to accept multiple currencies because they could not compute the conversion process (lack of know-how). They refused to initiate the refueling operation because they were afraid of being blamed for delivering the incorrect fuel or quantities (fear of responsibility). They refused the proposed shift pattern because they would have ended up working almost all weekends even if they were being paid extra (fear of not having enough time with the family). These issues could be fixed using simple solutions without having any impact on the digital transformation programme. We introduced a currency conversion tool into the system, an electronic pre-

sign-off requirement from the client before the start of each refueling procedure, and engaged in an extensive discussion with management on a new shift pattern that made sense for everyone. We not only introduced technology in a heavily paper-based environment, but we changed work practices in a company that was chained to its legacy processes for several years.

## 10 They fail to realize that Digital Programmes upset the power balance



Organizations are social systems. People create power fiefdoms to make themselves indispensable. Most people crave power more than money. Think about it. Money is a means to acquire power.

The more power people have, the more control and influence they have over decisions made by an organisation. Digital transformation projects are likely to reduce or transfer power from one stakeholder to another. Automation may reduce

people's control over given tasks. Data analysis tools may reduce other people's control over knowledge sources. They become less indispensable and less capable to influence the organisation. For this reason, it is only natural that those stakeholders losing power due to the transformation are likely to offer the most resistance to change. Most digital transformation projects are not sensitized to these issues and are left exposed to powerful stakeholders who can stall the change process.

There is more to power than formal authority. Perhaps a fitting case to illustrate the consequence of an imbalance of power created within an organisation through a digital project is that of an international manufacturing company I advised a few years back. The company operated several manufacturing sites on a global scale and distributed its finished products to well-established wholesale and retail operators in diversified markets. The company wanted to implement a Business Intelligence (BI) tool to enable management to have access to critical information at the right time. We were engaged to lead the process. A stakeholder analysis revealed that a handful of high-profile and very competent sales managers within the organisation drove a very large proportion of the sales generated on a global scale. They had the contacts, networks, and clout to access key decision-makers across various wholesale and retail operators. They also had an excellent



knowledge of how the market was moving and provided valuable feedback to the production team to adapt their products to such trends. Despite generating hundreds of millions of dollars in sales every year, the contribution of these sales managers was vital for the very existence of the company. As expected, the very notion of introducing a system that captures sales and client information into a common database was met with stark resistance. “We do not have to do the paperwork.” They said. “We want to be on the road to sell.” The paperwork was not the real problem. Most of the data acquisition process could be automated with minimal effort. The real problem was that the Sales Managers did not want to let go of their hard-earned source of power by sharing their networks and knowledge with the rest of the team. I could see where they were coming from.

## 11 They fail to consider how technology can be of benefit to their people

Digital transformation should not be a zero-sum game. It should not be primarily about doing the same with less. This approach leads to profit generation at the expense of your people. Digital Transformation should be about doing more with the same. It should be about creating more value and distributing that additional value amongst all stakeholders.



This is the approach we have used with the international manufacturing company I was referring to in the previous section. Having put ourselves in the shoes of the sales managers, we sought to identify what was limiting them to sell more products and services to their customers. We heard them out. They were frustrated because product samples took a long time to arrive at the client site. In some cases, the product sample itself was incorrect or of poor quality leading to lost sales opportunities. They also had no visibility as to the status of orders received and wasted a significant amount of time having to liaise with the production department to get updates on progress. Based on this knowledge, we proposed to make adaptations to the underlying back-end processes and systems to process operational data more efficiently. We introduced automated workflows that provided real-time feedback on order status to salespeople. We also worked jointly with the production teams to put in place better quality controls before the release of product samples. We sought to solve the major frustrations of the salespeople to give them more

time to sell on the road. Finally, we also convinced the sales team that by codifying some of their knowledge and processing it through a BI tool, they would be in a better position to sell products to the market more effectively whilst generating additional commissions. This was a win-win.

## 12 They fail to communicate the roadmap, the vision, and the purpose to inspire people



We have already argued that most organisations do not have a vision and a digital roadmap. Those that do have, do not properly communicate it with their people. People are not machines. They require a purpose behind what they are doing. They need to form part of a greater whole. The absence of communication besets alienation and lethargy. But communicating the vision is not simply about delivering a fancy presentation. It is about living it daily and working in the trenches to achieve it. Yet most management teams are far removed from their people and simply direct them to implement a range of tasks.

## E Implementation is managed as a linear, not as an iterative process

Having a good plan does not guarantee success. Most projects do not fail because of poor design. They fail because of poor implementation. Most leaders in organisations are under the impression that planning and implementation are two separate and distinct phases in a digital transformation process. I find that the most successful digital transformation programmes I have worked on are those where the distinction between planning and implementation was blurred. This may seem counterintuitive, but it makes perfect sense when you think about it. Implementation is itself a critical input in the planning cycle such that design and implementation becomes an iterative process. SpaceX had the ambition of becoming the first private-sector company to conquer space travel. Its vision was to make space travel more affordable by creating reusable rockets. To expedite the process, it did not spend years designing a perfectly functional Raptor Engine. Instead, it designed a basic functional model, tested it out in the real world, and created a better version based on the outcomes of the test environment. Through this approach, Space X succeeded in achieving the desired results in a relatively short time by “blowing things up” and learning from failure. Once again, each failure was one step closer to success.

I agree you may not be as daring as Elon Musk in blowing up your business to create an even better one. But most organisations verge on the other extreme of the spectrum when seeking to implement digital transformation programmes. It is no wonder that they fail.

### 13 They are governed by a lack of or inappropriate project management processes

Many small and medium-sized organizations do not have structured programmes and



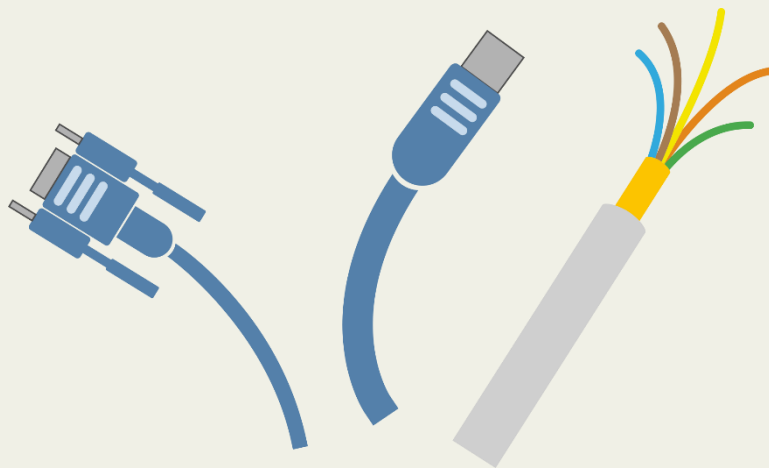
project management processes in place to drive change. The focus is on the immediate needs and rolling out the technology. Final timelines may be agreed but there are typically no intermediate targets and deliverables. The team is not clearly defined, does not have a proper reporting structure, and is frequently overtaken by daily operational demands. Quality assurance processes are typically

inexistent except perhaps for the actual technology which is implemented directly by the vendor.

At the other extreme, other organisations operate through very complex project management systems that are grossly inadequate for their requirements. The absence of systems elicits the absence of discipline to see a project through. On the other hand, overengineered systems create an environment where following the system becomes more important than achieving the outcome of the project. Bureaucratic project management systems give rise to alienation, lack of motivation, and inspiration. Programme and project managers lead by ticking boxes. Team members execute tasks by following step-by-step instructions. There is no spontaneity, no inventiveness, or adaptation. They get stuck as soon as things do not go as planned. In practice, they never do.

#### 14 They think that technology is plug and play

Less mature organisations believe the myth that digital transformation is simply about installing software and migrating the data. They focus more on requirements and specifications than on how these will be progressively rolled out across the organisation. This results in good solutions failing in practice because of poor implementation.



One project has remained fresh in my mind wherein a large organization in the public sector had sought to implement an Oracle-based payroll solution leading to disastrous consequences. Due to the significant number of errors generated, the entity

had to double its manpower complement to process the payroll to keep up with the workload. There was nothing wrong with the system. We had seen it working seamlessly in other entities. The problems lay elsewhere. We started the process by carrying out an analysis of the errors generated by the system. The findings revealed that the absence management procedures in place were at best rudimentary and not enforced, changes of shifts were not recorded and overtime was not accounted for. We decentralised absence management from the human resource department to individual sections through the implementation of a web module. Vacation Leave, Sick Leave, Injury Leave, and Change of Shift procedures were radically restructured to ensure that these were recorded in real-time. Finally, overtime processes were redefined and managed directly through a work order management system that was effectively integrated into the payroll solution. On completion of the implementation process, the manpower processing the payroll was

reduced by 90%, and overtime expenditure was computed in real-time and better controlled. This example is not about showing off some heroic skills in transformation. It is about transmitting hope for success and beating the odds of failure. But to bring about success, we need to understand why we fail and what causes it.

## 15 They are largely driven by the Technology Vendors



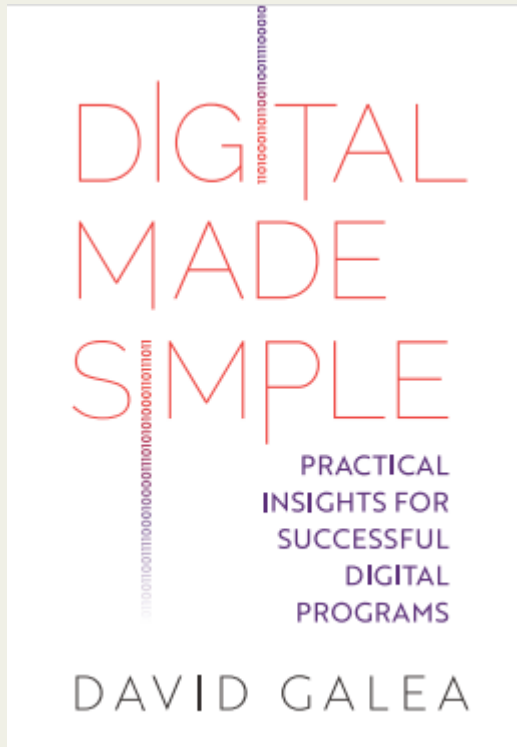
Some technology vendors overpromise what can be realistically delivered. Management sometimes is led to believe that technology vendors can offer a turnkey service for implementing a digital transformation programme. I have seen several digital projects, particularly in the insurance and payments sectors being entirely managed by technology vendors. Although it is possible to outsource the management of a digital transformation programme, business ownership ultimately

rests with the organisation. Digital transformation programmes cannot be successfully implemented unless business owners are deeply involved.

## F Is there light at the end of the Tunnel?

Discussing digital failure is not all about doom and gloom. It is about learning from past mistakes to get one step closer to success. Digital transformation programmes can be rocky journeys. Some shine brightly reflecting rays of hope for a better future, wealth, and prosperity for the organisation and its stakeholders. Most however have a darker side leaving a trail of casualties along the way deceived by the widespread myth that technology is a solution.

It is with this in mind that I have written Digital Made Simple. This is the first (and hopefully not the last!) instalment of my thinking and experience in implementing successful digital programs through a humanistic, straightforward approach based on three simple steps:



- Developing digital mindfulness to understand technological chaos whilst establishing a realistic digital baseline.
- Shaping your digital strategy and building the internal agility to change it to continuously remain relevant.
- Mobilising a balanced approach in co-ordinating processes, people, and technology to implement your digital transformation agenda.

This book is however much more than that. Knowing what to do is simple. Doing it is not easy. It requires a humanistic approach involving innovation, ingenuity, leadership, drive, motivation, commitment, inspiration, and charisma which are so often the culprits of the failure of digital programs.

Digital made simple draws on several real-life experiences throughout my career in digital transformation programs and the lessons learned from these cases that could make their implementation easier.

## DIGITAL MADE SIMPLE – Bronze Medalist Winner – Axiom Business Awards

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