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Cracking the digital code

BUILDING A ROBUST AND UNIQUE TECHNOLOGY PLATFORM HOLDS THE KEY TO A SUCCESSFUL DIGITAL TRANSFORMATION

The impact of technology on business is there for all to see — ‘born digital’ companies such as Amazon, Airbnb, Uber and Alibaba have built multi-billion dollar business at a never-before-seen speed in the corporate world. In achieving this, they fundamentally disrupted many traditional industries and posed a serious challenge to some of the long-established companies in their field. The success of these companies makes it clear that there is a qualitative difference in the way leaders need to think about this new inflection point in how business and technology are shaping up. The secret to success of the best and biggest ‘born digital’ players is their ability to think and execute on platform-based digital businesses backed by building technology platforms that are unique.

Hence, the important questions one need to ask are:

Are there lessons or takeaways from the ‘born digital’ companies?

Yes, a platform-based business model. At a simple level, platforms can be seen as bringing together three layers to create economic value — a network of value seekers and providers, systems that enable value exchange between them and underlying data that powers matching of value across participants. Firms now need to look at non-linear business models as opposed to a linear demand and supply in a traditional ‘pipe’ structure. Firms have to see how vendors, partners, influencers and customers can all be brought together for more value-added fulfilment.

Is there something in common?

Yes, it can be more appropriately interpreted as a connected ecosystem of customers, business, vendors and partners, intelligent decisions driven based on data generated by the ecosystem and open, flexible scalable systems that enable innovation and execution. Platforms

leverage data generated from the ecosystem to drive intelligence that enhances value.

Is there a framework or concept that can help me achieve successful digital implementations?

Digital transformation of businesses can be achieved through a platform-based approach that is focused on the nuances of the vertical or industry of operation. However, the ‘born digital’ players have been disrupting business not only with their platform business models — but also with their underlying platform approach to IT too. The technology environment, application build approach, and the IT operations model work together as one system and to a very different rhythm. This is encapsulated in the concept of ‘Platformation’ which covers the four key dimensions of open, scalable, connected and intelligent. These four dimensions are encapsulated in 16 technology attributes.

What could a road map look like?

Business leaders need to quickly move to transform their business to be ready for the age of platforms —

Need of the hour

‘Platformation’ is encapsulated in 16 technology attributes that meets the need of the digital business era

Integrated systems	Auto scalable/ Cloud-enabled	Distributed transactions	Localisation and internationalisation
Micro-services architecture	Multi-device/ Multi-channel capability	Intelligent customer experience	IoT & Telemetry
Full automation	Multi-tenancy	Security & compliance	Always on
Data governance & DAMA	Real-time analytics	Context-aware services	Self-learning (platform machine learning)

both in terms of business and technology. An immediate priority would be to strategise and implement elements of ecosystem thinking, data-based value enhancement and innovation agility of key systems, as parts of their existing core businesses.

As a part of the initiation of 'Platformation', one would have to examine the opportunity that can be capitalised and then embark on a business as well as technology readiness assessment.

The business maturity assessment would encompass three key dimensions — leadership and talent, vision and business model and execution approach. Similarly the platform maturity assessment is also made on three dimensions — digital capability, data and architecture. The existing system's capability to manage an ecosystem of stakeholders, the ability to leverage data for decision making and the inherent level of flexibility in the application architecture and infrastructure are assessed at this stage. The technology maturity assessment against where one is on the 16 point framework.

The combination of the above assessment would help map the position of the organisation in one of the following four categories — beginners, technovators, challengers and visionaries, capturing the existing state of the organisation. The gap analysis of individual elements of the maturity assessment framework then helps a business plan their path to the next ideal stage goals for digital and platform readiness.

What are the options for execution of a platform-enabled digital program?

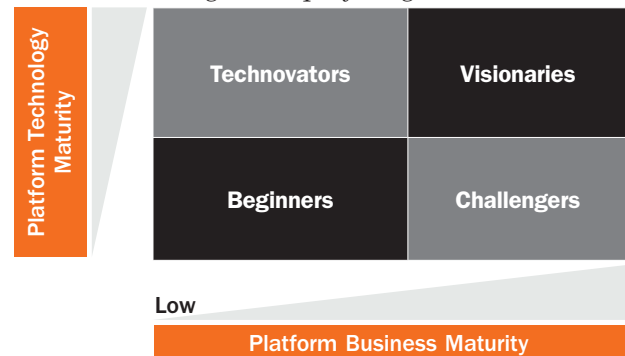
Technology providers are moving swiftly to enable the kind of seamless software infrastructure, development and operations environment across a range of solution areas such as commerce, analytics, mobility and IoT on cloud so that traditional enterprises can upgrade to platform paradigms for their IT systems. Other than the early innovators in this space such as Salesforce, mainstream enterprise software solution providers such as SAP, Microsoft and Oracle have invested significantly and offer viable platforms on which to build new systems. We at Sonata have worked to prepare ourselves to provide solutions using these platforms.

Organisations, once they map themselves against the maturity framework on business, platform and technology should then chart their path on all three dimensions.

What's critical is to get the technology framework right so that a long-term flexible platform-based business model is constructed. There are many ways to implement a platform technology framework depending on where the business is and what the short medium and long term business goals are. The defining factors could be competition, how quickly the business is get-

Gap analysis

Maturity framework helps a business prepare for their next digital and platform goals



ting disrupted, how quickly one needs to act and how differentiated one wants the approach to be. Based on that, the solution approach reflects three key different ways of executing effective digital platform programs.

Industry-ready: An end-to-end business platformation approach through industry-specific cloud platforms that are being set up by innovators, such as Sonata in this space.

Accelerate: Popular horizontal platforms on leading ISV stacks that a business is already invested into, can be deployed if time, cost, and risks need to be moderated in going platform, especially with specific business process areas.

Custom: A very unique set of business features and the willingness to invest time and money in setting up a differentiated platform may mandate an approach where a significant part of the platform is custom-built.

Our early customer experiences validate the power of these approaches, depending on the existing systems, maturity and business transformation objectives of a customer.

SUMMARY

It is time that for proactive business leaders, all significant new innovation initiatives be seen through a lens of platform-based business and technology models. Any effort launched as standalone, isolated or point interventions will have a limited shelf-life and potentially give a false sense of comfort in being prepared for the emerging digital economy. Since this is easier said than done, the key to successful digital transformation is to have a concept like 'Platformation' — in order to provide the road map that is required to get there. Successful digital business can only be built on a robust framework like 'Platformation' that appropriately combines the business and technology foundations needed to make a fundamental impact.