



10 digital transformation pitfalls and how to avoid them

The digital transformation journey is fraught with challenges that often go unnoticed

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Digital transformation is the complete reorientation of an organization around principles and processes to maximize the value of the digital age. Disrupting organizational structures, creating new opportunities and altering the way businesses engage customers, digital transformation remains central to business improvement and innovation.

True digital transformation focuses on wholesale organizational change to promote collaborative structures, joined up dataflows, agile process, fast decision-making and empowered people. It also introduces new risks for companies as they traverse their digital transformation journeys.

"In the fast-paced world of digital evolution, businesses are navigating the complex landscape of digital transformation to stay relevant and competitive. However, this journey is fraught with challenges that often go unnoticed," Ukponu Ayogu, CEO and founder of Tech and Boujee, tells *PEX Network*. According to [recent research from Salesforce](#), almost all businesses (98 percent) experience at least some degree of challenge with their digital transformation efforts.

Here are 10 common digital transformation pitfalls along with advice on how to avoid them.

1. Lack of direction

Trying to implement digital transformation without clear direction is one of the most damaging mistakes. Jake Munday, CEO and co-founder of Custom Neon, tells *PEX Network*. "It is essential to have a well-defined plan that takes into account the objectives of your business as well as the demands of your customers."

Kriti Kapoor, digital transformation leader and author, agrees, adding that the lack of a "north star" in terms of strategic direction creates confusion, misalignment and fragmentation.

Digitization should not be a mere checkbox exercise – it needs to be targeted at solving specific problems, achieving organizational objectives and propelling the business to a new level of performance, says Debashis Sarkar, managing partner at Proliferator Advisory & Consulting and *PEX Network* Advisory Board member. "While efficiency and cost reduction are valuable outcomes, they should not be the sole focus. Digitization's true power lies in its ability to scale up businesses and create new revenue streams."

2. Unclear business value

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Organizations often embark on digital transformation projects without considering the real business value they are aiming to drive, Shaun Connolly, head of international strategic services at Precisely, tells *PEX Network*. For example, many will implement a new tool without having defined outcomes, without considering how it will align people and processes and without having effective ways to measure the return on investment of that new solution, he adds. "In other words, they have a fully stocked fridge, but no recipes to make the meals. In these cases, digital transformation projects are more likely to plateau or even fail."

To ensure digital transformation projects are successful, organizations must consider how they want to meaningfully and sustainably improve processes within the organization, and how they will measure success, Connolly says.

3. Insufficient leadership

Another common digital transformation pitfall involves insufficient leadership and organizations assuming the individuals running the business are capable of navigating through change management, says James Hyett, CEO and co-founder of AYKO Digital. "Take a close look at your team and sincerely ask yourself if they are adequately equipped to facilitate the implementation of change management."

Kapoor concurs, warning of the dangers of failing to have the breadth and depth of experience in the company to lead the way from a digital transformation perspective.

"The key question is whether you have the right individuals leading the change to ensure its long-term success. If not, consider bringing in someone on a project basis to bring it home," says Hyett.

4. The technology hype

Far too many leaders get caught up in the "hype" around digital transformation and are too focused on the technology rather than establishing a clear strategy, says Rodolphe Malaguti, product strategy and transformation at Conga. "Many are so set on keeping up with their competitors and simply pick the latest tool or digital solution and implement it at speed, with no real idea of how this will improve their operations or services."

This presents a huge risk to their business and any future digital transformation initiatives, he adds. "Businesses need to think carefully about why they have chosen a particular tool and what they are trying to achieve with it, rather than implementing a new technology as if it is going to solve all their problems. Rushing these projects can also result in serious operational complexity and data leakage."

Many businesses focus solely on technology implementation, neglecting the crucial aspect of change management and employee adaptation, adds Ayogu.

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5. Resistance to change

Resistance to change is a common but significant pitfall of digital transformation. The "if it isn't broke, don't fix it" mentality can hinder progress and failing to embrace change can be an existential threat, says Sarkar. "How do we get employees to ditch outdated practices and embrace new roles and workflows? This may involve fewer roles, but with greater responsibility and growth potential."

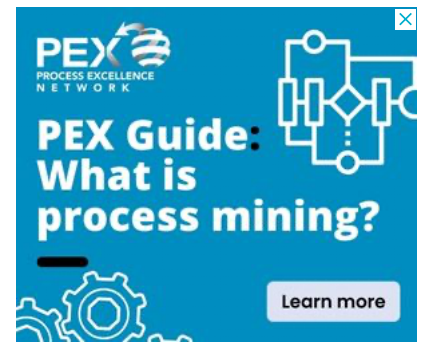
It's important to note that change management and project management are not the same, adds Hyett. "Successfully implementing change requires the entire company to embrace the shift."

Key contributing factors in resistance to change are concerns about job security and using unfamiliar technology, Kapoor adds. "People have been used to working a certain way for so long. Resistance to change leads to a lack of adoption and implementation challenges."

Open communication and training are key to unveiling the value of new ways of working, says Sarkar. "Clearly communicate the "why" of your digital transformation journey to employees. Help them understand the bigger picture and the positive impact it will have on their work and the company's future. Build a supportive and adaptable culture that facilitates digital adoption. Encourage experimentation, learning and collaboration to pave the way for ongoing evolution."

6. Digital and data immaturity

Organizations need to get their data in order before committing to a transformation program. "If a company's data architecture is plagued by inaccuracies, poor processes or if data is unstructured and siloed between departments, then the data they have is not a true reflection of how the business is currently operating," says Malaguti.



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It is also crucial that companies first establish their "digital maturity" – where they currently stand in their digital transformation journey and how their data is being processed and stored, he adds. Regardless of the size of their business, leaders need to complete a thorough assessment and identify where changes need to be made before committing to a digital change program or attempting to scale a new solution across their organization.

"Organizations must first evaluate their operational model, assess its suitability and identify any pain points along the entire data cycle," Malaguti says. "The key is to arrive at a clear understanding of how and where change needs to occur in a phased manner to progress and improve the organization's overall operability and unify the data cycle."

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7. Overlooking data security and privacy

In their hurry to digitize, businesses can overlook data security and privacy issues, which can have serious effects including legal issues and a drop in customer confidence, says Munday.

"Digital transformation is built on the backbone of data," adds Kapoor. "It involves collecting and processing large amounts of data – and data can be sensitive. Are your systems and processes set up to handle data breaches? What can damage a company the most are things like data breaches that affect trust and reputation."

Most organizations are rapidly transforming long-standing business processes with emerging technology – like generative AI, says Ravi Srinivasan, CEO of cyber security company Votiro. Emerging technologies have the potential to unlock great value, but there are numerous security gaps and blind spots that bad actors are exploiting.

"There is a focus for digital transformation to modernize workforces and customer facing applications, portals for collaboration and data sharing with third parties. For example, instead of customers having to bring content to a physical location, they can upload it to a customer-facing portal and converse with an AI chatbot, removing the need for a human to do repetitive tasks." The pitfall is that this opens the door for malware to reach the network and jeopardizes data privacy, he adds.

"Organizations need to prioritize their cyber security strategies and comply with regulations, which are changing all the time," says Kapoor. You need to ensure people are well-versed in cyber security guidelines and that you have the right tooling and infrastructure to mitigate the risks and consequences of data breaches.

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8. Talent shortages and staff turnover

Attracting and retaining the right digital talent is critical to digital transformation, but it's an area many businesses fail in. This goes beyond hiring IT specialists; it's about fostering a digitally savvy workforce equipped with a broad spectrum of technology skills and tools. "New talents become necessary when technology advances, and not investing in training and development to equip your team with the necessary digital skills can impact the transformation process," says Munday.

High IT staff turnover can derail digital transformation efforts as institutional knowledge and expertise leaves the business, adds Geoff Kneen, CEO of Advania UK. "Losing seasoned staff disrupts long-term scaling plans and has a trickledown effect on long-term aspirations." Quick fixes like over hiring and outsourcing only go so far. Instead, businesses should take a long-term, sustainable approach. Invest in upskilling and retaining existing staff through training programs and attractive culture and benefits, Kneen adds.

"Be strategic in new hiring, focusing on critical needs and cultural fit. Accept that some short-term outsourcing may be needed, but the key is building an environment where people want to stay and develop their careers," Kneen says. "With foresight and commitment to employees, businesses can adapt and thrive despite the competitive job market. The key is having a long-term vision and not simply reacting to each departure."

9. Legacy systems and processes

Challenges also exist in integrating new technologies with existing legacy systems and processes. Although such equipment and workflows play a pivotal role in the operation of many companies, technology is advancing at a rapid pace and is increasing the need for the integration of modern technology. "Inadequate integration of systems leads to data silos, which creates a lack of a coherent, consistent and comprehensive view of how the business is running," Kapoor says. This can create inefficiencies, cost and wastage.

Start by conducting a thorough risk analysis of the new technology you plan on integrating to identify and evaluate potential hurdles like compatibility issues and scalability problems. Involve the right stakeholders in the process and test the integration to ensure it runs smoothly, making improvements as required.

10. Neglecting customer experience

Focusing solely on internal processes and neglecting how digital transformation impacts customer experience is a critical oversight, says Munday. "Enhancing customer interaction should always be a priority." The technology stack is always a contentious topic. Do you consolidate with one or a few big partners or do you build your stack based on the customer experience requirements which might mean more integrations? Ultimately, the customer should guide the role of technology, but all too often this is not the case.

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