The new transformation agenda

As humanity and technology grapple to find their optimum balance, KPMG professionals explore four transformation priorities that can help ensure performance, ROI and growth in transformation.

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Introduction

The stakes have never been higher for business transformations. To keep up with changing markets, competition, and technology, many companies are undertaking multiple, often continuous, transformations to update internal processes and connect with customers, partners, and suppliers.[1] And, in an era of "compound volatility," a combination of disruptive events and powerful structural changes is creating a less forgiving business environment, with higher costs, high interest rates, and tepid global economic growth.[2]

Senior corporate leaders recognize that running successful transformations will be critical to their ability to compete and grow. They need transformations to accelerate future state outcomes with profitable growth and efficiencies — and to help pursue new strategies. Without transformation, they know they will not be able to execute their strategies and keep up with the competition. But they are also rightfully concerned about the history of transformations that disappointed or didn't yield lasting improvements.

This paper looks at how the transformation agenda has changed. KPMG in the US surveyed both top leaders and middle managers to get their insights on the opportunities and challenges and business transformation today. For business leaders, the top objective — and challenge — is capturing value from transformations. The US firm's research also found that there is widespread concern about how to execute complex, interconnected, and continuous transformation efforts. Middle managers also identified concerns about capability gaps and burnout from continuous transformations.

Based on this research, the perspectives of clients, and the insights of KPMG transformation professionals, we have developed a new transformation agenda that prioritizes action on four fronts:

1. **Placing value at the center.** Executives identified that the top area they would approach differently in their next transformation would be to increase focus on value. Transformations can create strategic, financial, and operational value, but only if value is the north star of every project.

2. **Investing in people and culture.** When transformations fall short or don't "stick," culture and people issues are often to blame. Executives identified the two biggest challenges in making value from transformation stick were: 1) leadership change and shifting focus, and 2) a change management program that did not lead to adequate adoption. Transformation leaders need to invest more in creating buy-in, giving people the necessary tools and resources, and maintaining an active feedback loop to understand, iterate, and adapt based on what is working.

3. **Orchestrating projects and the people experience.** With multiple and continuous transformations projects, it is critical to manage timelines, deadlines, and resources. Companies have, on average, three transformations running at the same time. This underscores the importance, and challenge, of creating broad-ranging, integrated plans to manage the complex streams of work.

4. **Developing the right technology and data foundations.** Executives cited the technological capability gap as the top challenge encountered during transformation. Almost any business process transformation or growth initiative today will involve a technology element. Companies need the systems, data, talent, and agility to develop support new digital initiatives.

We believe that companies that master today's more complex transformation agenda will be stronger competitors in what promises to be a more challenging environment. They will be better able to adjust cost structures for the new realities, tap new sources of growth, remain resilient in the face of disruption, and meet whatever challenges arise in their markets.

[1] For more on this topic, please see "The art of continuous transformation," KPMG in the US, 2023

[2] For more on this topic, please see "Mastering compound volatility," KPMG in the US, 2023

Forces changing the transformation agenda

Over the past two decades, business transformations have become an important strategic tool. Companies have automated processes, redefined roles, built new business and operating models, and remade entire organizations. These undertakings have often been arduous and challenging — change programs almost always are. Results were often mixed — or difficult to quantify — and value was difficult to achieve.

The quest for value

Seventy-six percent of top executives in the US firm's survey said that creating value — improve business performance and ROI, and grow market share — is their top objective for transformation projects. Making sure a transformation pays off is increasingly important at a time when the cost of funding projects is rising, and the strategic stakes are higher.

Yet, executives also know that the odds of successful value creation are challenging. According to the survey, only 19 percent of transformation projects returned significant value. The top reasons for not capturing value, KPMG professionals said, is insufficient focus on value and inadequate upfront investment. Middle managers cited lack of adequate KPIs as a barrier to value capture.

It appears that there is a bit of a disconnect between top leaders and middle managers in their perceptions of what constitutes value in a transformation.
Top leaders focused on achieving short-term financial value — perhaps a sign of the times. Managers were more likely to say that strategic objectives such as improved customer experience are the most important source of value in a transformation. Both groups agree that whatever form of value they are looking to capture, they struggle with tracking and measurement.

Exhibit 1: What are the top three ways your organization defines success for a transformation project?

Source: KPMG in the US survey of executives on transformation, February 2023

#1 thing managers said leadership could have done better: **improve KPIs**

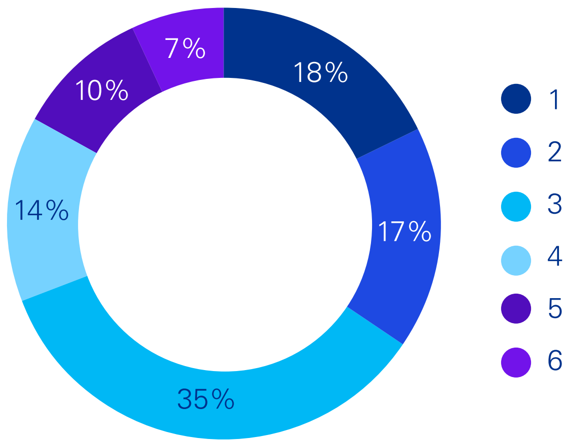
Increased complexity and intensity

By definition, a transformation involves a significant change — the digitization of a critical process, adopting a new go-to-market model, or modernizing a support function. Today, large corporations typically undertake multiple transformations simultaneously.

In the executive survey, two thirds of respondents said that there are typically three or more transformation programs running simultaneously in their organizations. Sixty percent say that transformation has become continuous or nearly so.

The increased pace and intensity of transformation efforts also creates challenges. In the survey of middle managers, 56 percent said too much change is underway, and 51 percent say it's all happening too quickly. Managers also complain that transformation work is adding hours to workweeks and creating stress for themselves and their employees. This creates the risk of burnout and the loss of employees who are difficult to replace in a tight labor market.

Exhibit 2: Number of transformations each respondent is undertaking:



Source: KPMG in the US survey of executives on transformation, February 2023

60% of senior leaders say that transformations have become continuous

64% of employees who work an additional 6-10 hours report high stress

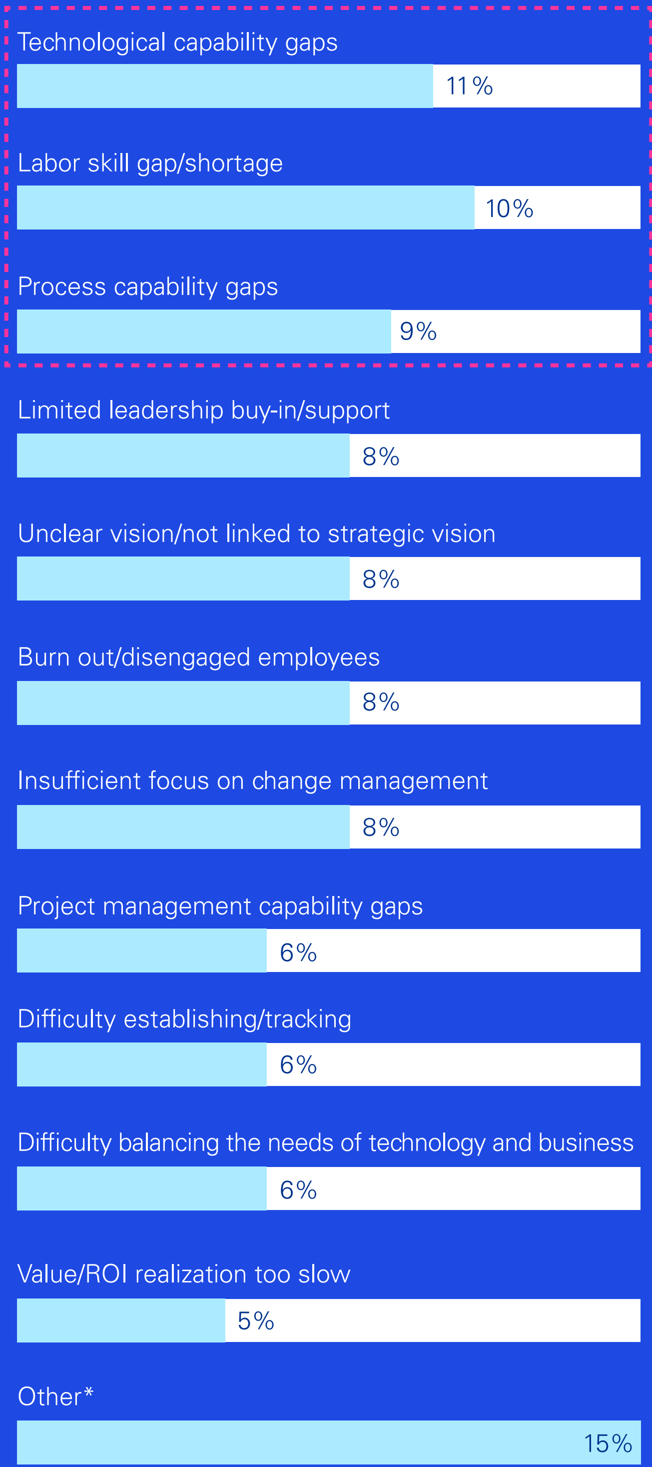
Capability gaps

Across industries, top leaders in the survey said that proper alignment of people and capabilities is the most important factor in a successful transformation. However they also acknowledge the challenges of getting the right people and the right technology in place. Businesses in the US have been dealing with a talent shortage for years. Today, with historically low unemployment, it is more difficult than ever to bring on skilled talent. This includes the kind of white-collar employees whose roles have been transformed (by automating routine tasks) so they can be more productive in higher value-added work such as analysis and reporting.

Executives also said that the top three challenges they encountered in implementing transformations were a series of capability gaps: technological, labor, and process (see Exhibit 3). These gaps are likely to grow. In our recent survey on how executives expect to adopt generative AI — a technology that is bound to play leading role in future transformations — only 22 percent of executives said that they were confident that their company has the right technology and data infrastructure for generative AI, and 15 percent felt their company has the right people in place to integrate generative AI into the business.[3]

[3] For more on this topic, please see "KPMG survey of executives on Generative AI," KPMG in the US, March 2023

Exhibit 3: What were the top three challenges that you have encountered while implementing transformation within your organization?



*Other category includes: Value/ROI realization too slow, Under investment/under prioritization, Desired outcomes not achieved/sticking, Higher cost of capital/difficulty raising capital, Budget overruns, and Improper support from implementation partner

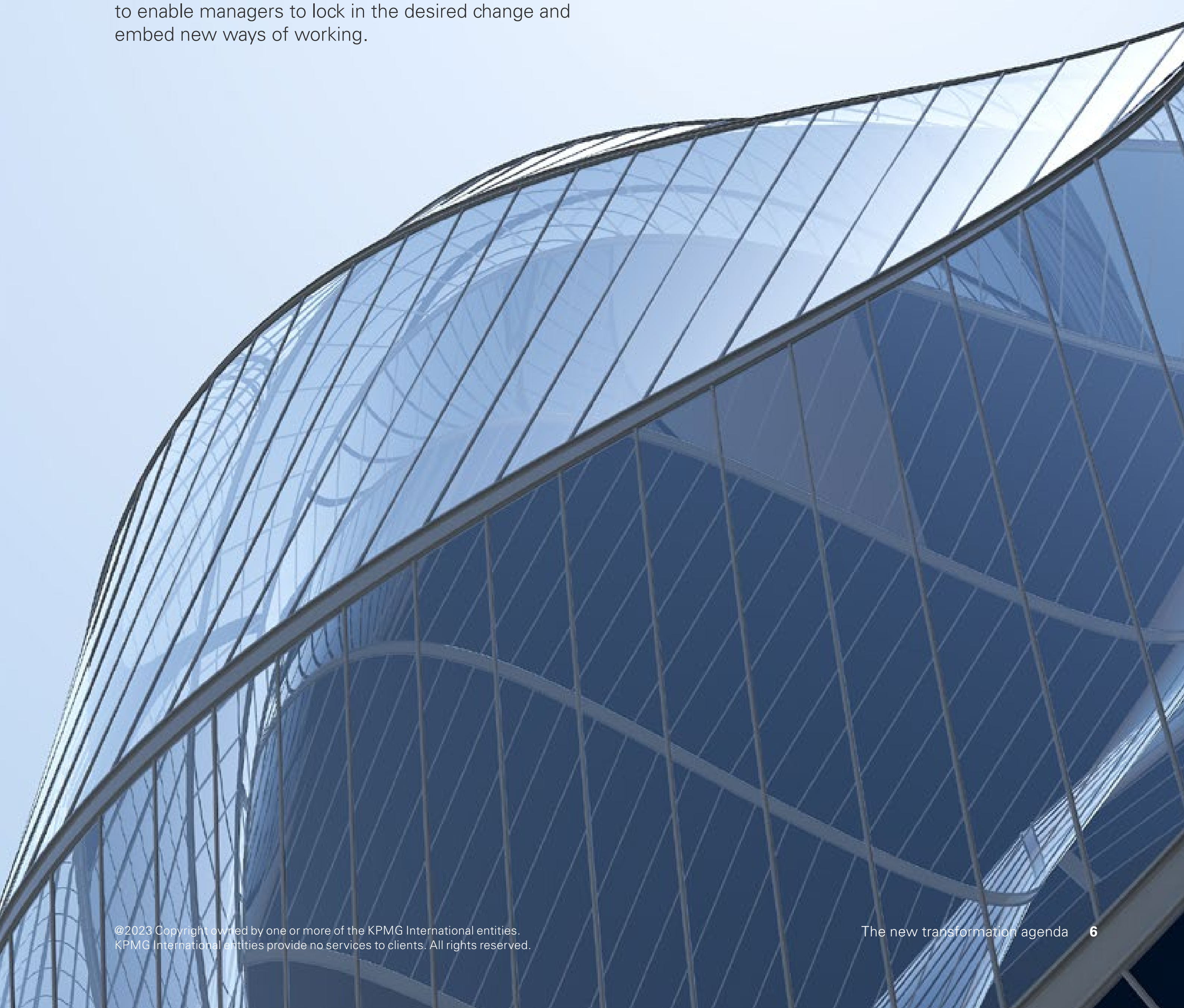
Source: KPMG in the US survey of executives on transformation, February 2023

Managing execution risks

Executives and middle managers agree that execution risk is growing in transformations. But they differ on the nature of these risks. Senior leaders worry that the objectives and rationales for transformation are not well understood and communicated effectively. Middle managers, however, say that leaders have made clear what the transformation is about, but have not provided adequate resources and tools to make the transformation succeed.

Loss of momentum remains a top threat. The focus of top leaders is diverted from the transformation by other priorities, especially when there is turnover at the top. When focus shifts away, leaders lose credibility with managers and staff. That adds to the people and culture challenges that undermine transformation. Leaders need to be steadfast and stay visibly committed through their actions and words to the change, probably for longer than feels necessary, to enable managers to lock in the desired change and embed new ways of working.

76% of employees are involved in three or more transformation workstreams



A new transformation agenda

A successful transformation goes beyond routine performance improvements or cost take-out to significantly change how an organization operates. It can allow a company to pursue new strategies and compete more effectively, creating strategic and financial value. The costs and stakes of transformation have always been high, and they're rising as multiple and continuous transformation initiatives become necessities in a faster-paced and less forgiving business environment.

To meet management's aspirations for transformation today, we recommend that leaders focus on four priorities in the transformation agenda: value creation, culture and people, orchestration, and building the technology foundation to enable the changes. These efforts are not mutually exclusive. For example people and technology are essential to value creation. Orchestration will touch value creation, people, and technology.

How a transformation creates value

A successful transformation is a fundamental shift in the way an organization does business that spans departments, functions, and business units, and delivers significant company-wide improvements. First and foremost, the change is aimed at creating strategic value — finding ways to reach a new set of customers or improving loyalty — that gives the company competitive advantage, which translates into financial value, too. Value is also created through operating improvements when business processes are transformed. Transformation can create value across any, and all, of these areas, each with a differing time to value (with operational value typically the fastest to be realized, strategic value the longest, and financial value in between).

Strategic

The pursuit of bold, long-term ambitions with fundamental business model changes to accelerate future state outcomes.

- **Competitive advantage** through reimagining customer experience or enhancing differentiation.
- **Positioning,** such as how a company is perceived in the market based on brand identity or reputation.
- **Expansion** into new markets or product segments organically or inorganically.
- **Strategic alliances or partnerships** that enhance capabilities and market reach.

Financial

Substantial improvements in the top and/or bottom.

- **Revenue growth,** through focused sales, product, marketing, and channel investments.
- **Cost optimization** improving direct and indirect efficiency.
- **Cash flow improvement** freeing up cashflow to invest in future differentiation.

Operational

Significant improvements in efficiency, productivity, quality.

- **Process improvements** that boost efficiency and reduce waste.
- **Resource optimization** such as using time, money, and materials more efficiently.
- **Quality improvements** in products or services.
- **Digitization or the adoption of new technologies** to improve fundamental processes.
- **Optimizing organizational footprint** through onshoring, nearshoring, or offshoring.

> **A successful transformation is a fundamental shift in the way an organization does business that spans departments, functions, and business units, and delivers significant company-wide improvements.**

01 Placing value at the center

Transformation programs can often lack a clear definition of the value goal and how it will be achieved. KPMG professionals also find that there may be a fundamental misunderstanding about how transformations create value. A transformation is not business-as-usual performance improvement — cutting the cost of purchasing by a nominal percentage. That's part of the procurement leader's day job. By contrast, transforming the supply chain to improve customer satisfaction and be more resilient to geopolitical and climate risks is a strategic undertaking that may take a year or two, change multiple processes, and redefine supply-chain jobs.

Transformation success starts with defining exactly how the change will create value. What are the sources of value that will be created through transformation? Will we accelerate a repositioning of our offering to be more competitive? Are there immediate financial and cost benefits? What are reasonable, specific value goals? How will we track progress against strategic, financial, and operational goals? How do we prevent the cost from leaking back in? How do we make the changes stick?

Value articulation becomes increasingly important in a business environment where the cost of capital and internal hurdle rates have increased — and it is harder to find easy/rapid transformation opportunities. To define and pursue value. transformation leaders should take advantage of advanced analytics tools, including artificial intelligence, to pinpoint value. Digital twins can help model the future state (i.e., how a new automation will perform) and test alternative approaches to determine the best way to realize value. Generative AI is a tool that could be useful in such analysis.

During the transformation project, program management and the steerco should continuously monitor how all three types of value are being captured — or not. There will likely be course corrections along the way, but leaders should also be careful to retain focus on the large strategic goals. This is an easy place for the communication between executives and managers to break down, so the value delivery leader needs to be vigilant in communicating to all the stakeholders — especially the managers and employees on the ground — why changes are needed and then make sure everyone is on the same page.

In addition to having clear goals and metrics, transformations that deliver the intended value also:

Assign value delivery leader. Acknowledging that running a transformation is a full-time job, identify a leader whose sole responsibility will be to deliver outcomes — and align this leader's compensation to the value delivered.

Go deeper with data. Use advanced tools, rigorous analytics, and new data sources to identify the sources of value, key dependencies, and ways to realize value (see "Using data analytics to calculate value").

Define value to achieve. Agree the value that the transformation will achieve by creating milestone-based outcomes (releases, people training, value measures, etc.), ensuring the data can be gathered to measure the outcomes, and baselining the measures.

Using data analytics to calculate value

Not all sources of value are obvious or intuitive. By analyzing performance data, you can find additional ways to create value for strategy and transformation. A global banking client asked a KPMG member firm to help understand why it was not matching the rate of return of peer institutions. KPMG professionals compared the bank to its peers on a range of metrics, such as revenue growth, profitability, online engagement, as well as looking at data literacy. It turned out that the client bank had far fewer employees with data and analytics knowledge than its peers — and the top performing banks in profit per employee were those with the highest levels of data literacy across their organizations, including among top leaders. The bank with the greatest data literacy had twice the profit per employee as the client bank. This informed a plan for the bank to build data and analytics capabilities in all levels of the organization.

Case study — KPMG in Germany

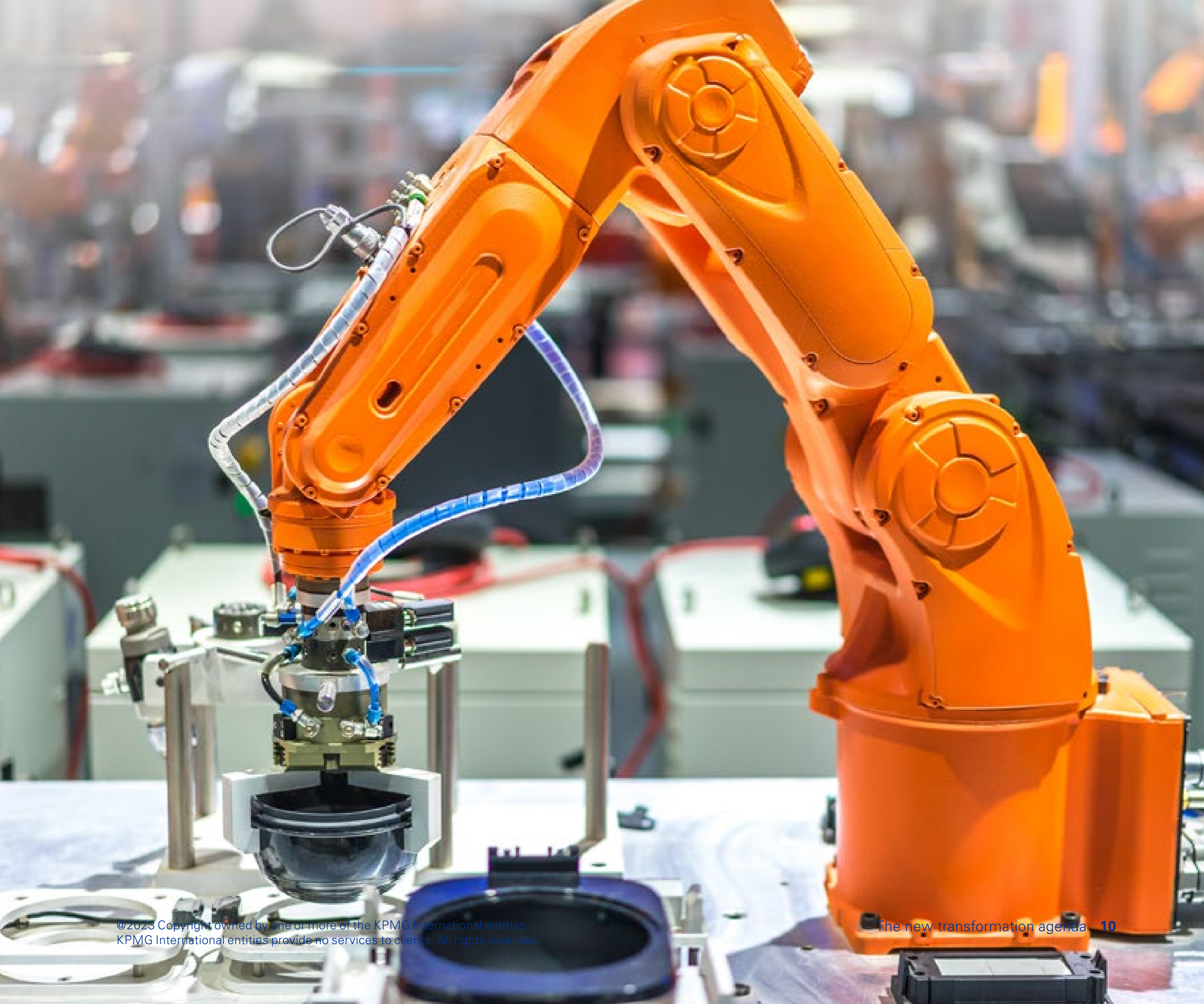
How a robotics leader turned quick-win cost reductions into long-term value

With the effects of the pandemic and supply chain disruptions creating massive uncertainty across the manufacturing sector, this key global industrial robotics supplier and technology developer wanted to find opportunities to reduce the cost base and prepare the company for future growth.

Leveraging deep experience in high-tech manufacturing, human resources, process optimization and business structuring, the KPMG in Germany team analyzed the organization's data, comparing the organization against market norms, to identify a number of areas and job roles that could deliver significant cost reduction opportunities.

Critically, the findings were overlayed against the organization's over-riding objective — to develop new robots and bring them to market — to help ensure any measures taken would not impact future growth.

The project went beyond cost out-take. The team was also able to look across the organization's product development process to identify key challenges and develop robust action plans to help solve them. In doing so, the organization was able to achieve quick wins and create long-term value.



02 Investing in people and culture

Successful, expeditious transformations rely on people changing how they do things, but our brains are wired to resist change that happens too fast. Humans — leaders, managers, and employees — all have a cognitive bias for the status quo, making the human element of transformation the most complex and likely to fail. Overcoming this resistance and convincing people to embrace the change and make it happen is essential for transformation success. Yet transformations often focus disproportionately on quickly delivering new technology or processes, arguably because these change elements seem more tangible, familiar, and actionable.

If organizations want successful transformations, they must get intentional about the people element of change. This starts with getting the basics right. The change vision (what good looks like) must be clear, relatable, and actionable to those who will implement the change.

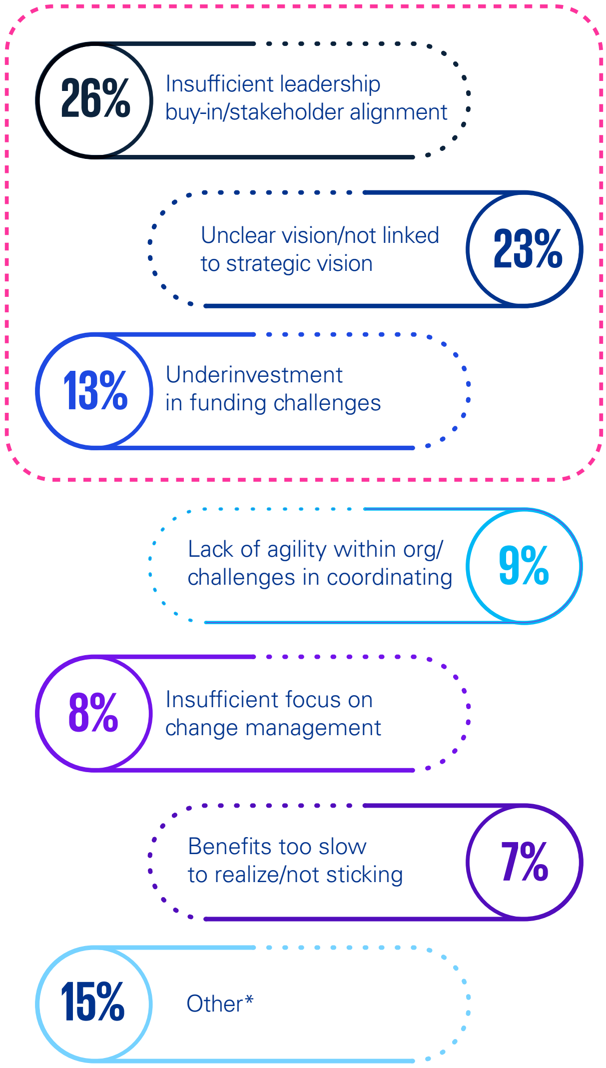
Then, leaders need to truly model the change through their actions and words. Leaders can host town halls and issue memos, but how they show up and model the change every day will have far greater impact on whether employees believe the change is real or credible. Executives know this. In the survey, executives said that top reasons for transformations coming up short were insufficient leadership alignment, vision, and funding.

Companies also need to have a clear understanding of their capacity for change. As noted, in the survey of middle managers, 56 percent felt that too much change is underway, is happening too quickly, and is creating stress for themselves and their employees. With limited staff capacity and high stress, companies need to be thoughtful when aligning resources with transformation needs.

Solving for the human factor in transformations requires going beyond standard communications and training, which on their own will not change behaviors. Changing mindsets and behaviors requires a more holistic, human-centric approach focused on organizational culture. Human-centric means investing in understanding, empathizing, and co-creating the people experience of the change. It's not just about managing a change that's being designed, it's about empathetically designing the experience that people engage with at work

Exhibit 4: Factors leading to failed transformations

Rank the top three issues (1 being the most important) that lead to failed transformations? n = 200; rank order: top 3



*Other category includes: Project Management capability gaps, Establishing/tracking metrics, Labor capability gap, Burnout/disengaged employees, Technological capability gaps, and Lack of support from implementation partner

Source: KPMG in the US survey of executives on transformation, February 2023

that facilitates the new way people will behave after the heavy lifting of the transformation is done. This understanding should be part of the future state design, along with the new processes and technology that will enable people to operate differently and more optimally.

Ultimately, there must be true accountability for the change to get the human experience right. This includes measuring employee sentiment and behavioral change, and adapting activities along the way. Do employees see that leaders are truly modeling the change? Are employees making the needed shifts in how they think and operate? Are they receiving the training they need? What's working? Where are we struggling? What additional support do people need to be successful?

Learn from the answers and turn the lessons into timely, iterative, and agile actions. This will increase the likelihood of transformation success and accelerate the speed of delivery and impact.

Companies can take action in three areas to to help ensure a successful people and culture change:

> **Build belief and make the vision real.** Once the transformation strategy has been set, invest the time upfront to test and iterate the vision for the transformation to ensure that it is clear, relatable to all staff (especially those upon whom success depends), and drives action.

> **Sustain visible leadership commitment.** Align the objectives of the transformation to the long-term strategic goals and values of the company. Leaders need to have skin in the game and signal the change is real before others will invest — hold leaders accountable for both successes and failures of the transformation.

> **Improve employee engagement and enablement.** Establish frequent feedback loops that capture sentiment and behavioral change to identify and address what is — and is not — working.

71%

of senior leaders say that the alignment of people and capabilities across functions is very important to deliver a successful transformation

Case study — KPMG in Vietnam

Transforming to a digital future by connecting the customer experience

Customers expect digital convenience. For the insurance sector, a simple, consistent and human approach makes life better for clients.

AIA Vietnam has embraced this approach with its digital transformation journey by enhancing their insurance offerings during a time of need, creating an elevated and orchestrated customer experience (CX). KPMG in Vietnam — alongside KPMG in India, KPMG in Hong Kong (SAR), China and KPMG Australia — helped AIA take an outside-in approach by connecting the changes in their market with the changes that needed to be driven internally.

What started as an evaluation of their CX strategy quickly evolved into the development of an implementation roadmap for personalized and meaningful interactions that leveraged KPMG's proprietary journey mapping tool — KPMG Discovery and Microsoft Dynamics 365. The KPMG team designed 20 digital journeys for new business, servicing and claims, resulting in an enhanced CX at many touchpoints. The team adopted an Agile approach and drew on agile principles by applying a regular cadence, synchronizing with cross-domain planning, drawing on data-led measurement and evaluation to manage milestones. This focus on coordinating and integrating capabilities helped lead to the transformation of AIA's sales function that drove a clear increase in automation and straight-through processing (STP), starting at 0 percent in 2021 and reaching 36 percent by the end of the second quarter of 2022.

This engagement has enabled AIA Vietnam to digitize and automate their business and better serve their customers.

Are you putting customer insights at the heart of your digital transformation?

"Working with KPMG on our digital transformation and putting customers at the center of everything we do was done in true partnership, working together on how we can transform and be a leader in Vietnam in customer centricity. Our transformation journey at AIA continues, but we have built a strong understanding and foundation to take us into the future with the help of KPMG."

Wanda Britton

Chief Customer Officer at AIA (Vietnam)

03 Orchestrating projects and the people experience

Running multiple complex transformation efforts creates a whole new set of challenges. For all — or any — of these efforts to succeed, transformation leaders need to be able to manage an array of projects, processes, and people experiences. For example, they must understand how a project in one function or business unit could have unintended consequences in another part of the corporation. They must keep multiple initiatives on track, accounting for interdependencies that might impede the work. They must be ready to sequence the new initiatives in a manner that prevents costs from re-emerging and maximizes broader organizational impact.

Those companies that succeed with transformations today have superior capabilities in drafting clear, detailed, outcome-based roadmaps and orchestrating multiple initiatives in parallel. They have a clear view of their target state including business and technology blueprints, desired customer and employee experiences, and understand how each initiative will contribute to this. The best transformation roadmaps are focused on outcomes, take a cross-functional and enterprise-wide view and enable the leadership teams to drive integration across initiatives and make prioritization decisions. Combined with lean but effective governance, these roadmaps can help leaders orchestrate one comprehensive, fully integrated approach that enables better, faster outcomes and mitigates risks.

Orchestrating multiple initiatives in parallel will always present challenges, but it's essential — and possible. For example one major financial institution that simply banned departmental transformations to focus teams on bigger value — and avoid the siloed projects that often miss value targets. A better approach is to develop a true orchestration mindset that extends beyond stage gates, checklists, and templates towards well-defined connections.

A company can align around standard planning intervals, for example, agree on a definition of what constitutes a release, and use an enterprise-wide taxonomy to describe impacts on the operating model. With a common language about what to expect across initiatives — and when — each team knows where it stands without needing to fully understand every other team's solutions.

Companies can take action in three areas to enable smooth orchestration:

Develop an enterprise view of change. Understand the totality of change that is happening across the organization by gathering all transformation events and initiatives into a single view and establish periodic review and formal governance to keep it current.

Align on guidelines to manage initiatives. Invest time to define a clear set of enterprise-wide design principles and objectives that will guide decision-making on each individual initiative, and help manage discrepancies between initiatives and their impacts across front/middle/back office functions.

Track value early and often. To realize the value of your transformation invests requires tight management that goes beyond the typical program management office. Leaders need clarity on how each initiative is contributing to the value, have leading indicators to identify issues that may impact intended benefits and be willing to pivot if new facts emerge while staying focused on the goal.

Be ready to sequence new initiatives in a manner that prevents costs from re-emerging and maximizes broader organizational impact.

Case study — KPMG in the UK

Handling scale and complexity

FTSE100 company and pharmaceutical company AstraZeneca needed to overhaul the way it ran its buying process across 11 key markets for 35,000 users and US$9bn spend with 20,000+ suppliers. Operating with eight instances of a procure-to-pay (P2P) platform was hampering AstraZeneca's visibility of their supplier relationships, and had inefficiencies baked in — especially around handling local taxation rules.

"There were two impacts on the business that we were looking to address" said Alastair Smith, AstraZeneca's Change Management & Supplier Enablement Lead. "The first, making sure that AstraZeneca is a great place to work for our employees and our scientists. The second is making sure that our relationships with our suppliers are as efficient and effective as they could possibly be."

AstraZeneca turned to KPMG in the UK to deploy KPMG Powered Enterprise Procurement enabled by Coupa, that could deliver a step-change in the user experience and provide multi-functional and multi-geographical requirements aligned around a core global design and process.

Having started with a readiness assessment, AstraZeneca brought together a number of key stakeholders from across the globe to formally launch the program with a KPMG Ignition event. A pre-mobilization phase — designed to lower project risk — included a detailed program plan (considering the impact of interlinked projects), data assessment and preparations for data cleansing, supplier and channel analysis across 20,000 suppliers, and creation of cross-functional governance to drive decisions at pace.

AstraZeneca was determined to design and deliver a standard global process (on a single instance), while accounting for local regulatory, tax and legal matters. KPMG member firms leveraged their local expertise to help overcome local regulatory challenges. 85 percent of P2P transactions are now fully digital. Enhanced accuracy and automation of indirect tax processes have led to requisition-to-order time halving on average, with invoice approval time down by around 75 percent.

04 Developing the right technology and data foundations

Many transformations start with the assumption that technology will somehow make it all work. But, in reality, technology can also become a barrier and hold back a transformation. Transforming a process or function with new technology can be highly disruptive; more than half of the middle manager survey respondents complain about the disruption that digital transformations cause.

However, companies with a well-developed technology platform and data strategy in place — a strong technology foundation — are more likely to be able to execute a successful transformation and do it over and over again. A modern data architecture that is scalable, flexible, secure, and aligned to the objectives of the transformation is essential. For example, companies that succeed in transformations often have adopted self-service tools that let employees rapidly access the information that they need, when they need it. This enables faster, more effective problem solving and decision making, while decreasing costs and burden on support teams.

Companies that lack a strong data architecture and modern tools — and that still struggle with the "technical debt" of outdated technology — face higher costs, longer timelines, and limited ability to bring on new technology, such as AI. A proper foundation can offer three types of benefits.

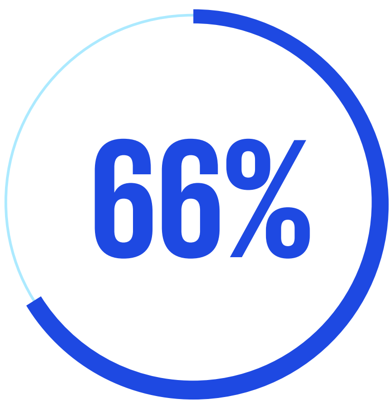
1. Strategically, a rock-solid foundation will enhance decision-making throughout the transformation process, avoid waste, enable better allocation of resources, and initiate a faster path to value.
2. Technically, this foundation will streamline implementation processes, cut down on technology surprises, improve agility, and reduce risk.
3. Support for the transformation will increase if employees see that the program will give them better tools to let them use their time effectively.

To build the right technology foundation, start by determining the organization's data and technical maturity. Then identify what needs to be built — or acquired or accessed from a cloud. Building off these insights, companies can make three key moves:

Align transformation and technology roadmaps. Ensure your technology roadmap fits your transformation goals. Become familiar with your ecosystem partners (both current and new), and make sure they're solving problems and unlocking valuable features. Also, be mindful of data security and privacy.

Address technical debt. Eliminate projects that aren't delivering value and prioritize ones that meet your transformation objectives. While you're at it, tidy up your data management and governance.

Empower innovation. Give end users the tools to develop fresh ideas that can improve team discussions, business processes, or customer experiences. Encouraging bottom-up innovation can unlock potential value that might go unnoticed if solely developed centrally.



of middle managers have experienced a major technology transformation in the last two years

How can generative AI redefine transformations?

Generative AI is expected to have a significant impact on transformations — as a tool to help design and execute transformations, and as a means of transforming operating models and processes. KPMG member firms are working with companies to use generative AI in areas such as:

Shared services
In finance, purchasing, and HR, generative AI is being adopted to help streamline reporting, offload repetitive tasks, and generate communications.

Cybersecurity
Generative AI is being used to help detect anomalies, identify fraud and network intrusions, detect insider (employee) threats and software vulnerabilities.

Research and development
Pharma companies are exploring whether generative AI can speed the search for new therapies. In asset management, generative AI can help build ETFs.

Software development
Generative AI is helping companies improve code generation quality, design, and compliance to guidelines. Software developers can spend more time designing, less time coding.

Case study — KPMG in Norway

Unleashing emerging technology to transform the supply chain

With 28 retail stores supported by a healthy online offering, Barnas Hus is Norway's leading children and baby products retail chain. But recent times have seen a rapid transition in the Norwegian retail space, and the leadership team at Barnas Hus recognized the need for transformation. Ongoing supply chain issues suggested that the connection between warehouse and stores needed re-thinking.

With a vision of a new technology-focused, cloud-powered integrated platform, Barnas Hus worked with KPMG in Norway and opted for KPMG Powered Enterprise | Supply Chain enabled by Microsoft Dynamics 365 to help make the business fit for the future.

A new state-of-the-art warehouse utilizes robotics to accurately pick, sustainably pack and track every product heading into stores, giving Barnas Hus the visibility of inventory it always needed. Now, store managers and customers get the right products faster and the foundations have been laid for artificial intelligence (AI) and machine learning (ML) gains further down the road.

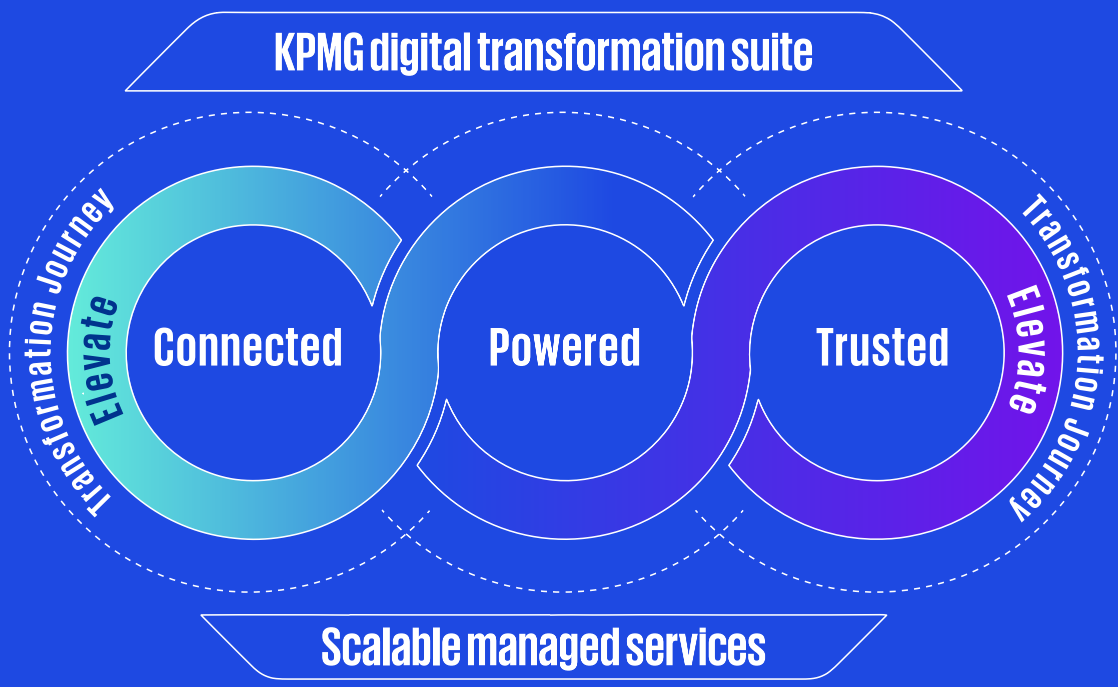
High-quality data and analytics allow the company to understand customers better and create streamlined, more efficient journeys, making it more likely for customers to return in the future. Shortly after the Powered Supply Chain enabled by Microsoft Dynamics 365 implementation, Barnas Hus achieved its biggest month ever in terms of revenue. This bold new vision is quickly helping to pay dividends.

Is your supply chain designed for growth?

How KPMG can help

KPMG member firms work closely with clients through their transformation journeys, from setting the initial vision to seeing that through to execution. With deep industry knowledge and experience, member firms deploy an integrated, cross-functional business transformation approach designed to help work with our clients to optimize performance, digitize processes, and drive growth while navigating economic volatility and rapid market shifts. Whether it's working with the latest technology, integrating an acquisition, or adapting a business model to new challenges, KPMG professionals can offer the right mix of capabilities to thoughtfully address clients' concerns to avoid pitfalls and raise the chances of success.

The KPMG approach



KPMG member firms can help clients succeed with a portfolio of transformation technology solutions:

Connected Enterprise: Aligns your business around your customers to create a seamless, agile, digitally enabled organization that is designed to deliver better experiences and new levels of performance and value.

Powered Enterprise: Transforms functions with target operating models that are designed with the future in mind for optimized processes, governance, KPIs, people skills, and data.

Trusted Imperative: Build trust and confidence in the business and the digital transformation journey by predictably navigating risk and regulation — and deliver on the promise to keep customer data trusted, safe, and secure.

Elevate: Quantifies value-creation opportunities using a data-driven approach — helping to achieve measurable improvements to revenue, margin expansion, cost management, and capital structures.

Transformation Journey: Continuously plan, prioritize and orchestrate transformation initiatives as end points shift to deliver results that matter.

Managed Services: Combine leading technology with functional and sector expertise to handle knowledge-intensive processes across your enterprise — on a subscription, as-a-service to drive outcomes like resilience, customer retention, and stakeholder trust.

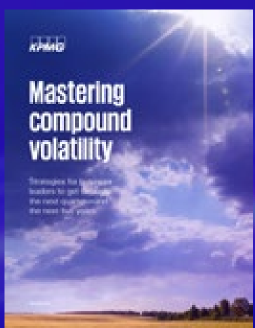
Transformation never stops. Neither do we.

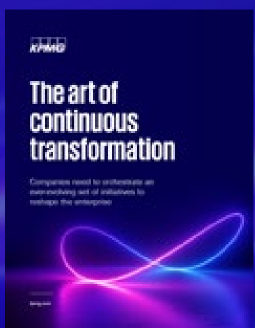
At KPMG we believe that business transformation is too good an opportunity to miss. Combining the right tech and the best processes with people whose insight is as broad as it is deep, are essential ingredients to successfully transform. KPMG member firms have worked at the heart of global businesses for many decades, helping clients realize the full potential of their people and technology and working together to achieve real-world outcomes. Because when people and technology are in harmony great things happen.

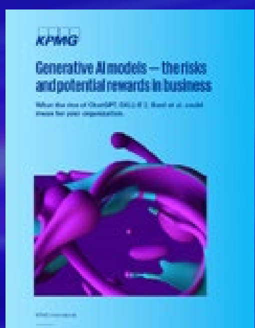
Making a world of difference:

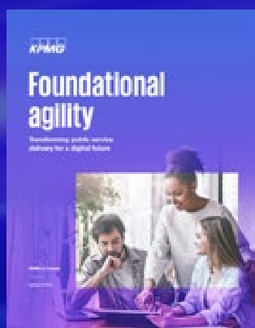
KPMG people can make all the difference on your transformation journey. Together we can help you to orient your business around the customer, optimize functions for a new era, manage enterprise risk and regulation for a safer future, rise to a new level of value creation, and create an environment for managing ongoing change.

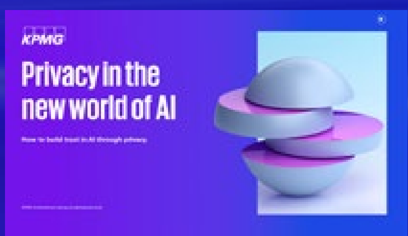
Related thought leadership:











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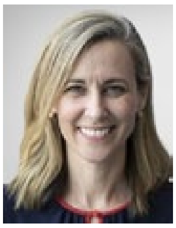

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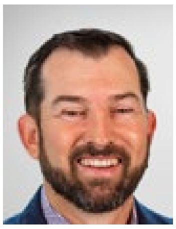

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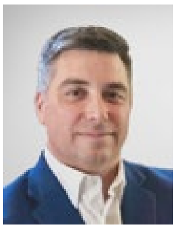

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Survey methodology

To better understand perspectives, challenges, and opportunities in transformation planning and execution, KPMG in the US deployed two surveys on transformation in the first half of 2023, with all firms surveyed generating more than US$1 billion in annual revenues.

In February, we surveyed 200 global C-suite and senior executives to better understand their transformation objectives and priorities in a time of a downturn, drivers of transformation activities, factors behind transformation success, and transformation planning.

In May, we surveyed 1,002 US-based middle managers with similar goals. Comparing results across the surveys gives us a more broad-ranging understanding of the current transformation landscape across roles from manager up.

No industrial sector represented more than 29 percent or less than 7 percent of results, allowing for deeper analysis by sector. US firm professionals used additional data quality checks to remove bad questions and bad respondents. We analyzed data though descriptive statistics, cross-tabulation, and contingency tables, validating every analysis against test assumptions and distributional properties.

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