

THE ASTRIX DIGITAL TRANSFORMATION PODCAST SERIES

Why Digital Transformations Fail: Cause & Recovery

Program #2: January 2022



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A conversation with Robert Walla, V.P. & Co-founder of Astrix

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The Astrix Digital Transformation Podcast Series presents thought leaders and their unique insights into enabling success in your scientific operations.

Here's the transcript of this week's episode!



About This Episode

In this episode, we analyze the key factors contributing to the rate of costly and time-consuming failures with digital transformation programs that impact all industries working to digitally transform their business. Joining us for this timely discussion is one of the top experts in digital transformation, Rob Walla, Vice President of Professional Services at Astrix. Mr. Walla delves into the root causes of failure among many digital transformation initiatives and shares his recommendations for the steps your organization can take to get your digital transformation programs back on course.

Kevin: I want to welcome everybody to the Astrix digital transformation podcast series. This is a series of interviews with thought leaders from the industry. We bring together experts to come in and talk about developing a successful digital first strategy for helping to transform businesses. My name is Kevin Miller and I'm going to be the host and moderator for today's session. I'd like to introduce our speaker for today. First of all, our discussion topic is one that's impacting companies throughout the scientific community but it's also affecting essentially all industries, any industry that's looking to digitally transform their business.

The topic of today's session is going to be digital transformation failure. What is the cause and how do you recover from it, so cause and recovery. Joining us today for a very timely and insightful discussion is one of the top experts in digital transformation, Rob Walla. Rob is the vice president of laboratory informatics services with Astrix where he is responsible for the growth and strategic direction of the laboratory informatics services division.

Rob, I understand that you were one of the founders of Astrix. I think before we get into the session, I'd love to hear a little bit about why you started the business, how that came about and just tell us a more about this 25-year history that Astrix has.



Rob: Sure. Before Astrix, I worked in the laboratory along with one of the other co-founders of the company. We'll date ourselves; this was in the mid-80s, so laboratories at that time did have some automation, the very beginnings of LIMS systems. Actually, the lab I worked in had a LIMS system but it was homegrown, it worked on the mainframe, but certainly didn't have the utility and functionality that you see out there in the commercial market today. Back then, most of the data was still collected manually and written in paper notebooks.

One of the first instruments that I ever ran had a strip chart recorder where you would get peaks you'd have to measure manually and then type them into a linear regression type of a program. So, it's very, very manual. I recognized along with the other co-founder that obviously the automation and the computer aspect of it was going to get better, but that there would always be a need for services to help kind of stitch everything together, integrate them and actually make them all work together, better. The vendors, from both the instrumentation side as well as from a LIMS and ELN side, we knew that that that technology was going to get better but that there would be a need for a company like Astrix to help them all work all work better together.

Kevin: When you got into these laboratories and you found them running off of some of those devices that I don't even know what they are because they're so dated, did you think it was going to be a monumental task to get them up to the point of digital transformation?

Rob: We recognized that was going to be a stepwise process, right, that you are not going to go from manual paper-based notebooks to a full paperless laboratory. Digital transformation is the word and what people are focusing on today, but before digital transformation it was called the paperless lab. How do you get off paper? People are making that slow journey to getting all off paper. We're better than where we were 10 years ago, and 10 years from now we'll even be better than where we are today.

"...there would always be a need for services to help kind of stitch everything together, integrate them, and make them work together, better."



Kevin: Well, it's obviously a great story about how it all started and I'm sure from what I know, Astrix is well positioned to jump in and help these companies get to that level and get that transformation going. Like a lot of these kind of transformational movements, some of it comes with pain. There was a recent study done by the consulting firm McKinsey saying that basically 70 percent of all these digital transformation projects have some level of failure associated with them. It's an astounding statistic and I'm sure for companies that are considering biting off on a project like this, it can be very concerning for them.

So, having been involved in a wide array of these digital transformations, could you help us break down what are some of the root causes of these failures and some of the underlying reasons that lead to these failures? In your mind, why is the industry experiencing that?

"A lot of these companies go in [to digital transformation] without a real plan and without clear goals."

Rob: When it comes to failures, it doesn't mean necessarily they fail outright where people just stop and throw their hands up – though you can certainly run out of time, patience, money or all three. A lot of times, these projects are deemed to be failures because they don't necessarily meet all the goals and objectives of what a company wanted to do initially, and a main reason for this is that I think a lot of organizations get involved with digital transformation without really understanding what it is. They think it's just the implementation of a technology, which is certainly not true.

There's other aspects of the transformation from processes to data, to organizational change and they're all very important. A lot of these companies go in without a real plan and without clear goals and objectives as to:

- Why are we doing this?
- What part of the business are we going to do this for?
- What do we want as the outcomes?

Balancing goal oriented objectives with outcome type of objectives, and not having this plan in place, it really sets a bad foundation for the entire project because once a company then goes into management says, 'okay here's what we want to do, here's how we're going to do it,' and



not able to articulate that properly, well the management may not necessarily be bought into the process. This leads to, okay well, without that are you going to get funding for it? Are you going to get the resources to do it?

The resources that are involved from the internal resources of a company are often overlooked. Many people need to participate in these types of projects, and if you don't have that clear goal and objective to get management buy-in and then get the right resources both from a human capital as well as monetary capital, then projects really start off on the wrong track and they're doomed to fail.

Kevin: I've seen this in other technologies where you try to tackle something that's really transformational to the entire organization from a departmental perspective and maybe people go into that thinking that they can do it with a smaller budget, they can work within a department, so I guess in a life sciences space, you may have a laboratory that may be trying to get to the cloud or something like that and they're trying to do it themselves with a little bit of help from IT, but if they don't have that full-blown management buy-in, the project might be doomed from the start is that fair to say?

"...as you get down into actually maybe digitizing certain workflows...outcomes... should always be tied to the bigger goals and objectives of the overall project."

Rob: It's very certainly fair to say, and it's not that you can't have a big picture initially to say from an organization or a company perspective, 'here's what we want to do', but then also as you get down into actually maybe digitizing certain workflows or going into certain departments or areas to have clear objectives of what the outcome should be here, but that should always be tied to the bigger goals and objectives of the overall project.

Kevin: Do you think that upper management, the C-suite as we like to call it, really fully understands what digital transformation means or is this something that's more understood in the IT groups? Do you find yourself having to go in and kind of teach an executive management team what digital transformation is all about?



Rob: It depends on the company, but I think at a high level the C-suite gets it. I think really where you have some issues is where it comes to understanding what it actually takes to do at a high level. They understand what the objectives and goals are and what the benefits of doing it but then it's always like 'well you know you told me 12 months –do it in three and here's the budget for that. There is a lot of 'get it done faster with less' type of mentality and that is a major issue when it comes to projects like this.

Kevin: Great, and as a quick recap, just to highlight a couple of things you said, so:

- lack of defined scope or objectives
- lack of management commitment
- inadequate resources or budget

These are going to be kind of three of the major points that are going to cause either catastrophic failure or partial failure of a project. I can definitely see how if you overlook any one of these elements it's going to either set you back or it can really just blow the whole project up and contribute to that failure rate.

In addition to these points though that you discussed,

one of the root causes behind most of failed digital transformations that you've encountered, I'd like to shift the focus over to the people part. It's been noted that people, process and technology, as you mentioned, are three pillars on which any successful digital transformation is founded. What in particular tends to create the biggest challenge when it comes to managing this piece of the puzzle?

Rob: Well, organizational change in a lot of projects is very key, but when you're doing a digital transformation, especially a bigger one that affects multiple parts of the organization, it's even more important and change for people is difficult especially in a laboratory environment. Scientists are used to doing things a certain way and it's working for them and yes, there's some bumps in the road and there's workarounds that people found but it's working. You can come in and get your job done.

When people first hear about digital transformation they often don't understand what that is. So, the real failure there in a lot of organization is communication, to explain to folks 'here's why we're going through this process here's the benefit.



Here's why we need to do it, to either get better, to be more efficient, to stay competitive in our market, and here's why we're doing it.' A lot of people say 'oh well, we're just going to automate and digitize everything, do I have a job? Are they trying to sunset what I'm doing and just bring in a bunch of technology?' But that's not necessarily the case, so I think clear communication to people that are involved is extremely important and that will help as you go through the organizational change process as you move through the project.

Kevin: Yeah, and I think the word transformation can oftentimes be inherently scary to certain employees, especially those that went through the automation of manufacturing during the 1980s. When they hear automation or transformation, probably the first thing that comes to their mind is 'do I have a job?' Any tips for allaying those fears early on to kind of get that out of the way quickly?

"Digital transformation is really designed to make their job easier and allow them to do their job better."

Rob: I think it's just being very open as to why a company is going through it and why a company is doing it. It's not necessarily to reduce staff, but again, it is to get maybe more efficient or more competitive. You can't run that obviously without people, right? People are extremely important, especially in the business we deal with, the scientific business. They're the innovators, the ones that bring the ideas to the table. Digital transformation is really designed to make their job easier and allow them to do their job better.

Kevin: Now on the flip side of that, I guess one of the benefits could be in attracting the best employees. If you have a completely modernized, digitally transformed laboratory, is it fair to say that you may get better people in because people want to work in those type of environments that are bleeding edge and cutting edge.

Rob: It's a very competitive environment out there for top talent, and companies know that. Often we talk to people that say 'well I used to work at a company and we had an ELN and a LIMS that were integrated. Now I came here and I'm back on paper, so it feels like I took a step back.



So, it really depends on the person when you think about it. Some people will say 'oh maybe I made a mistake coming to those organizations, where others say, 'well, I have a breath of knowledge because I did it in my past company and I can really help them do the change here.'

Kevin: You mentioned a couple times about communication. What are the end goals of the digital transformation, obviously that's important to kind of get out of the way up front so everybody knows where you're trying to get to. It brings us to the whole notion of projects like this are not the type of a project, like an IT project, where you say we're going to install this box or we're going to install this piece of software, we're going to press a button and it's going to be done, we're going to train you on it and then we're going to move on to the next thing.

A lot of people describe these types of transformational projects as 'journeys,' I guess that's the common term that I hear used again and again. There's not a definitive end but it's kind of like an evolutionary process, right? So, it has to be a little bit tough to address that from a program management perspective.

"A big part of why companies don't see the real benefit from these projects is because they don't plan for what happens after "the project is done."

Can you talk a little bit about the impact of this as part of an overall digital transformation process?

Rob: I think that a big part of why companies don't see the real benefit from these projects is because they don't plan for what happens after "the project is done", the sustainability going forward. A project ends, everybody has a collective sigh that we're done and that's it, but that's not really the case. When that happens, you're just beginning, right, these types of transformations and what companies are doing—it never stops evolving. I mean think about it, these are dynamic organizations, especially if you're in pharma or biotech. They're always innovating, always looking to develop the next big therapeutic.

Clients and customers have high demands, so you can't say we went through some sort of transformation process and that's it. You need to have the structure in



place, the governance in place in order to tweak this and continue to do what we call 'care and feeding' on these because it's always evolving. Once that is recognized then people understand better that this is not something that just ends. It continues to go. If companies don't do that, then what they did in that project just gets 'stale' and doesn't meet the needs of the organization.

Kevin: Sustainability, that's an interesting word to tie to these types of projects because you do, obviously, have to sustain them over a long period of time and I guess in the world of technology it can kind of be like 'dog years' a little bit. The pace of technological change that is occurring, whether that's driven by the vendors in the market that are racing to kind of outdo each other with different pieces of technology or just general transformational movements like client server computing to cloud computing.

With technology moving at such an unprecedented pace these days, organizations obviously have to remain agile in their approach as well. They have to plan for the continuous influx of this change in this advancement. Do you build that into a project that you try to kind of 'coach up' the companies that you're

working with? Sort of a 'hey listen, you've completed this phase of it but now we've got to look ahead and you've got to be prepared to what's coming next?' Tell me a little bit about how you approach that.

Rob: We always try to explain to clients and guide them on what's going to happen after the project ends, but it's very difficult to look into the future sometimes. We know that there's going to be change. What that change is, it's tough to say. I mean think about cloud computing for a second, so 10 years ago maybe a little bit more, if you walked into any major pharma company and you talked to them about storing their data in the cloud they would throw you out of the room. Now, if you don't talk to them about storing their data in the cloud they'd throw you out of the room, but you could never have predicted that 10 years ago. That's just one example of how technologies change. It starts out not being embraced, but over time it is, and you have to be prepared for that.

Kevin: Absolutely, and I couldn't agree more. I was in a few discussions over the years where a CIO would look at you and want to throw you out of the room if they said we're going to put sensitive clinical trial data in the cloud, for sure, so that being said, we appreciate all



the insights on what some of those areas are where there were failure points. Feel free to recap us. If you had to say what are the one or two or three things that you really have to pay attention to and what advice would you have for organizations that are headed down an unfortunate path? Can you turn them around? What is the road to recovery if they've been halfway through one of these projects and maybe stopped. How do you get them started again? How do you get them on the right path again?

Rob: We always tell folks to have a plan. We get asked 'what's the best way to put a plan together' and I always say, well, the first one is to have a plan. Kind of lay it out, recognize that you're not going to sit down in one fell swoop and develop this plan. It happens in pieces and you need to get in input from many other parts of the organization and make sure that you that you have a solid plan.

"Don't be afraid to raise your hand and ask for help because these things, they're not for the faint of heart."

As you go through a project, and we spend a lot of time talking to clients about this, every project will hit that speed bump—it happens. And we tell them we don't know where it's going to happen but it will happen and if that happens, it's okay. Everybody runs into this. Every project does, so stop, take a step back, take a breath and evaluate what is not going well. Is it that you're not meeting objectives because people are now doing their day jobs and they can't focus on the project? That happens a lot. There are a variety of other reasons but if it is, just kind of take a pause and evaluate what those issues are. A lot of times, people are like, 'well, we don't have enough time to stop because we have to keep moving forward' and basically, now you're going to drive the project off the cliff. So certainly, do that.

The other thing is to get help where necessary. We get involved in a lot of digital transformation projects in the middle or toward the end, where maybe it got started it was moving down the road but then it hit some sort of an issue. A different perspective certainly would give a project a shot in the arm to do that. So, don't be afraid to raise your hand and ask for help because these things, they're not for the faint of heart.



Kevin: Definitely not, and because again, it's a combination of technology and process and of multiple things. A couple of points here I want to make sure we touch on before we close, so, what constitutes a good digital transformation plan?

Rob: A couple of things – clear objectives as to what you want to accomplish, don't boil the ocean, because if you have a tendency to get caught up and say 'well, if we're doing it here we have to do it over here,' maybe you get to that but lay that plan out, make sure that you have the right resources internally and give those resources enough time to focus on the project. Everybody's busy these days; nobody is sitting around in companies not being productive. To throw a project on top of them when they, as we say, "have their day job," is just doomed for failure. And then certainly look to get expert help out there if you don't think you have that internally.

Kevin: Great, and if you could say what's a good overview of a recovery plan, do you have a sense of that?

Rob: You don't necessarily have to start over, right? Basically, pick out some of the areas where you don't



3 Keys to Digital Transformation Success

- Establish clear objectives as to what you want to accomplish.
- Make sure that you have the right resources internally and give those resources enough time to focus on the project.
- Get expert help out there if you don't think you have that internally.

think it's working well and focus on that. Often when projects aren't going well people just kind of throw their hands up and say 'well, this isn't working.' That's not necessarily the case. You could look at certain areas, tweak that, and get the project back on track.



2 Tips for Project Recovery

- Pick out some of the areas where you don't think it's working well and focus on that.
- Look at certain areas, tweak that, and get the project back on track.

Kevin: Great. Well, it's obviously been a wonderful discussion. As we're getting close to wrapping this up, I would like to hammer home some of the key points that I took away from it. In terms of what causes failure: lack of defined scope for objectives, a lack of management commitment—that's a big one, and then inadequate resources or budget, so again, the big take home for the folks that are listening in, those three things, those are the areas where you're going to probably face the most pitfalls. Obviously, an excellent discussion, Rob. Feel free to close out from your perspective on a few quick bullet points on things that folks should keep in mind and also tell us a little bit about what it looks like when Astrix comes in to help an organization with this.

Rob: By all means, certainly digital transformation projects is what we do—that's our Monday through

Friday. It's like anything, I'm sure you've struggled with home projects like doing plumbing or electrical work, right, and then you hire a professional then they're in and out of there in 30 minutes. We've seen the pitfalls. We have a lot of experience doing this for a variety of different organizations, scientific organizations not just pharma and biotechs but others such as oil and gas, food and beverage, consumer products and we can bring the best practices to projects. We know what the pitfalls are. We can see them coming and we'll be able to say, 'you're going left here but you should be going right' and to really make that project successful.

Kevin: And you help companies in which geography? Is it predominantly in the United States and Canada?

Rob: We do projects globally and we work with a variety of different size organizations, everything from the top ten pharma companies to startups out of the Bay Area and Cambridge, MA. Our services scale to the needs of the organizations and we've done digital transformation projects for fifty person companies, and we've done them for the top pharma companies with thousands of people and hundreds of workflows.



Kevin: That's great. Obviously, Rob, I learned a lot about digital transformation projects— more than I did when we started the discussion today. I hope the folks that are that are listening in did as well. A couple of things I want to mention for those of you who are fortunate enough to listen to this discussion with Rob, is that this is part of a digital transformation podcast series. This is the second in the series, so you will be seeing more of these to come. We're certainly excited to bring folks like Rob in who's worked with the top companies in the space for more than 25 years, so, we're thrilled to have that. Rob, if you want to leave any closing comments before we wrap up the podcast you're welcome to do so now.

Rob: I just appreciate the opportunity to be here, Kevin. This is extremely important because a project like this can really help position a company for the future, so I'm glad I had this opportunity to discuss this with you.

Kevin: Great ,well we're going to go ahead and wrap up. I want to thank Rob Walla for joining us today and thank everybody for tuning into the Astrix podcast.



About Astrix

For over 25 years, Astrix has been a market-leader in delivering innovative solutions through world class people, process, and technology that fundamentally improves scientific outcomes and quality of life everywhere. Founded by scientists to solve the unique challenges life sciences and other science-based business face, Astrix offers a growing array of strategic, technical, and staffing services designed to deliver value to clients across their organizations. To learn the latest about how Astrix is transforming the way science-based business succeed today, visit www.astrixinc.com.



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