Overcoming Back-Office Digital Transformation Challenges with TwoSommers Cloud Platform and Consulting Services

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Introduction

Hello from Bob and Steve, the proud owners of TwoSommers! We hope you find this information useful to your company. Our goal with this paper is to help you get a feel for what it takes to upgrade your legacy back-office systems and processes to a modern cloud platform and highlight items you may find useful as you plan your own digital transformation.

As a family-owned business, we understand the connection you have with your customers and the importance of delivering the best possible experience for them. As technology becomes more ingrained in every aspect of doing business, we believe the future belongs to companies that can adopt new technology on their terms, rather than relying on large, one-size-fits-all, faraway solution providers.

Please don't hesitate to call us if you have any questions. The two guys that wrote this paper are the two guys you will be talking to.

Executive Summary

"Digital Transformation" is a broad term, so before we get started, let's clarify what it means, at least for TwoSommers.

- **First, any process can be "digitally transformed"** – you can pick and choose what processes you want to automate.   It is possible to split existing legacy applications into separate applications. For example, you could choose to transform your order entry process while keeping the other parts of your existing application in place.

- **Second, "digital transformation" doesn't prescribe that you adopt any specific type of technology.** It really comes down to what makes sense for your business today, and ensuring whatever you adopt today isn't a roadblock to change down the road. Don't get lost in all the technical jargon or latest fads.

- **Third, the term "digital transformation" leaves out the most important word – people.** Without the right leadership, without teams that are on-board with the project, and without effective change management, digital transformations will be difficult at best.

Whether your digital transformation is small or extra-large, some common challenges you may face include:

- Alignment to Business Goals and Vision
- Resistance to Change
- Inflexible Legacy Systems and Infrastructure
- Data Management and Security Challenges
- Scalability and Flexibility
- Financial Constraints
- Vendor Selection and Management

Given the right leadership and tools, all these challenges can be overcome, and your digital transformation can be a resounding success, delivering value for your company well into the future!

We provide more insight into these challenges below, and how TwoSommer's CaptiFlow cloud platform and consulting services can simplify your transformation across the board and amplify what makes your company successful.

Understanding Digital Transformation Challenges

As you adopt new technologies and implement changes, it is common to face roadblocks. While digital transformations can be difficult, they are necessary and essential to the future success of your business. In a recent survey from ESG, about 71% of 742 senior IT decision-makers from midmarket and enterprise companies expect to develop and deploy cloud-native applications in 2023 -- an increase of about 11% from 2022.

Alignment With New Goals and Vision

When getting started, it is important to communicate your goals. You don't need to have all the answers up front, just a clear statement of what you want to achieve that you share with your team. With the right leadership, over time your team will acquire skills and knowledge, gain confidence, build trust among teammates, and ultimately deliver on your vision. While this is simpler said than done, the most critical factor is strong leadership among managers, and most critically from the top. Without that, your project has a high risk of failure. With it, anything is possible.

Resistance to Change

The main reason digital transformations fail is due to resistance from employees who may be reluctant to adapt to new technologies or ways of working. Overcoming resistance and fostering a culture of change and innovation requires effective change management strategies and clear communication to address concerns and highlight the benefits of the transformation. During digital transformations, employee resistance can arise due to factors such as the comfort of performing familiar tasks, reluctance to learn new skills, and aversion to added responsibilities. Furthermore, workers may be apprehensive about stepping outside of their comfort zones and communicating with new individuals within the organization.

These challenges can be overcome if you do some up-front planning and communicate a clear vision of what you want to accomplish with your team. Take an inventory of your team's skills and get the team on board with any new training requirements and tasks that need to be completed to get the project underway. During your transformation project, you may need to redefine employee roles and responsibilities, which in turn may require changes in employee compensation.

Communication is critical – if team members know how they fit into your plans, and what's in it for them, and transformation leaders keep an open line of communication, you can have a successful launch.

Inflexible Legacy Systems and Infrastructure

Many companies have outdated legacy systems and infrastructures that are not compatible with modern digital solutions. Integrating new technologies with legacy systems can be complex and time-consuming, requiring careful planning and consideration.

There are several ways you can mitigate the risks of moving off legacy systems your company depends on for vital business processes. Key factors in choosing the right strategy include:

- The complexity and uniqueness of the legacy business processes and technology.
- Your team's breadth of knowledge of the legacy systems.
- Availability of third-party support and documentation.
- Availability of tools to extract data and integrate applications with legacy systems.
- Your team's capacity to take on additional tasks during the transition.
- Ability to budget for the additional costs associated with running multiple systems.

Data Management and Security

Building and maintaining a secure application is one of the most complex parts of building a digital process. There are many different layers that must be accounted for, and they can easily be overlooked, even by experienced teams.

Vast amounts of data are generated and created during transformations, and much of that data will likely need to be exposed to end users, developers, and third parties. Data will be transported through integration points between different systems and stored in different locations, including cloud databases and document storage accounts. Every data entry and access point,

transmission, and storage location must be secured to protect sensitive information. In highly regulated industries, digital processes may be subject to external audits or require third-party certifications to do business with customers.

Security must be addressed in three broad areas:

- Network and Device Security – this is the security that is used to prevent unauthorized people from getting access to your office network and to your devices, like PCs and tablets, that are connected to your network. Office networks are commonly attacked by bad actors that try to install malware and ransomware inside your network.
- Application Security – application security ensures only authorized users can log into and run applications, and then once users are in the application, securing the users to only certain features. For example, in an accounts receivable application, certain users may be restricted from applying cash but have access to run aging reports.
- Data Security – data is typically secured within applications, during transport over networks, and while at rest within a database. For example, a user that maintains employee records in a payroll application is authorized to view and edit employees' social security numbers. When the user saves the record to the database the social security number is encrypted before it is sent over the network, and then sent to the cloud database, where it is stored encrypted "at rest" in the database.

Scalability

You need to ensure your solution can scale across several areas to meet future requirements:

- Application Development
    - Give developers the tools and resources they need to continually meet demand for new applications and integrations with third parties, especially customers.
    - Have a process for integrating contractors quickly into your development process.
    - Have a way to test new applications without interfering with your production environment.
- Integrations
    - Minimize the number of integrations required between different products and services.
    - Favor unidirectional integrations over bidirectional integrations.
    - Limit the number of APIs you expose to the public.
    - Understand which applications "own" data and which users are responsible for its accuracy, for example customer and vendor master records.
- Architecture
    - Aim to keep your digital architecture as simple as possible, not a technical marvel that does little to add value to your bottom line.
    - Don't try to automate every single aspect of your solution.

- - o Make sure it can handle your transaction volumes assuming a certain growth rate over five years.

- - Security
    - o You should be able to enhance and integrate your solution with other systems without exposing security holes that require you to recode applications.
    - o Have an efficient way to test security.

- - Disaster Recovery – you should be able to recover from an outage in a timeframe you deem acceptable for your business.

Vendor Selection and the "Transformation Trap"

Choosing the right technology vendors and partners is essential for a successful digital transformation. Companies may face challenges in evaluating and selecting vendors that align with their needs, as well as managing relationships and ensuring vendor accountability throughout the transformation process.

It's common for companies to use multiple Software-as-a-Service (SaaS) vendors to build their applications. We call this the "transformation trap". SaaS solutions take a one-size-fits-all approach, resulting in complex integrations between SaaS providers and countless hours spent trying to train end users and mold business processes to fit the SaaS solutions.

Over time, companies find that they are bogged down by the complex technologies of multiple vendors. They soon realize they are reliant on SaaS providers to keep everything working and secure. At first, they may love the new applications. That fades away when they soon realize they are unable to adapt to market changes and customer demands in a timely manner. When they finally integrate a change, it is likely they will encounter application bugs and errors, due to the increasing technical complexity that even the technologists can't keep up with. It becomes increasingly difficult to find technical talent that can (or wants to) support the increasing complexity. This puts your company at risk of employees leaving, taking their technical knowledge with them, and leaving your company exposed.

According to a Deloitte and MuleSoft survey in 2022, 38% of respondents see integration of siloed business software applications as their biggest challenge to digital transformation. The survey also found large companies on average have 976 custom applications, and only 28% of those applications are integrated. In a separate Deloitte 2021 survey, 45% of respondents in procurement cite poor integration as the second main barrier to the effective application of digital technology.

Consultants are extremely valuable at the front end of transformations because they can quickly identify and highlight vendor risks and prevent you from falling into the "transformation trap".

Financial Constraints

Implementing digital transformation initiatives can require significant investments in technology and human resources. Limited financial resources can pose a challenge for companies, especially for smaller businesses.

Consultants can help you pull together a ballpark budget estimate that you can adjust as you move through the project. Of course, if the tasks are well defined and the path is clear at the start, the budget can be more precise, it just depends on the nature of your project.

Introducing TwoSommers CaptiFlow Platform

With CaptiFlow, you can fundamentally simplify and enhance your ability to digitally transform your back-office applications. Our platform is built to give you what you can't get from traditional SaaS providers – applications built and tailored to your exact business needs, without all the complexities and costs of building your applications from scratch.

Our Approach and Commitment to You

Our sole focus is to make your transformation as successful as possible, with minimal disruption to your business. You will feel the freedom of being in complete control of your transformation, while accelerating ahead of your competition. And we will be there with you from start to finish, helping ensure your success.

We put our name on the company for one reason – to be fully accountable to our customers. Whether we're working with you in the field or in your office, we're ready to get in the weeds to understand how we can help you deliver your vision.

CaptiFlow Platform

Here's how CaptiFlow addresses your digital transformation challenges:

Get Aligned Quickly with Your New Goals and Vision

CaptiFlow enables you to build applications that align exactly with your goals and vision. This is in stark contrast to software-as-a-service (SaaS) vendors who expect you to conform to their solution.

Overcome Resistance to Change

It's hard to believe in something you can't see, so CaptiFlow provides you with pre-built, user-friendly, and simple user interfaces for your new applications. This makes it easy for your employees to use regardless of their technical skills and shortens their learning curve. Employees will immediately see the benefits of working with the platform and will be motivated to transition to the new solution.

Because your team can immediately start designing your applications, they will be able take on more responsibility, and quickly see how their work ties to the ultimate goals defined at the start of the project. They will see the value of transitioning to the new solution and be less resistant to change.

Replace Inflexible Legacy Systems and Infrastructure

CaptiFlow eliminates the need to rely on legacy systems by providing a modern, cloud-platform that will continually evolve with your company. In addition, you have the option to build your new applications side-by-side with your existing system. This makes it easier to migrate from your old system with minimal disruption to your business.

Because we continually update our platform, you can trust your back-office technology will always be up-to-date and equipped with the latest advances, helping you stay competitive by ensuring you don't fall behind the technology curve.

Eliminate Data Management and Security Challenges

The biggest challenge and concern in adopting modern technologies is security. CaptiFlow comes equipped with 9 layers of security, ensuring the safety and integrity of your applications and data. This means that your team can focus on building great applications, knowing that security is taken care of.

We built our platform with Microsoft's Azure cloud technology, arguably the most secure platform in the world. Azure solutions update regularly to defend against security breaches. Outdated systems make for an easy target, as they are not equipped to protect against modern hacking. We also take advantage of Azure's built-in security capabilities for data and documents, allowing you to securely share your data with anyone in the world.

With CaptiFlow's built-in security module, you can quickly define user and role security over your apps and data as they are added to the platform without needing to involve your IT department or technical specialists. This gives you great flexibility in meeting your internal security objectives and compliance requirements if you operate in a regulated industry. We also give you the ability to segregate user account management and granting of application rights to those accounts between two different people in your company. This type of segregation of duty is key element for securing your applications, and you get it out of the box.

In addition, our platform supports multi-company processing allowing you to segregate your data by company and secure users to specific companies. Like the rest of our platform, this happens automatically.

Scale Your Solution in Real Time

Whether demand is high or low, CaptiFlow only uses the computing resources needed, saving you money while handling your transaction volumes. You will take advantage of Microsoft Azure's built-in disaster recovery features, allowing you to back up all your data to a different geographical location ensuring you can quickly recover from unplanned outages.

CaptiFlow's built-in tools allow developers to build applications faster. Developers will be focused solely on building amazing apps for you, without having to code for security, multi-company processing, data integrity, common UI requirements, and error handling. This gives you the power to build applications with confidence and speed, while reducing costs.

Microsoft Azure's cloud services give you a variety of ways to securely connect your data and applications to any number of companies, whether it is a business-to-business (B2B) or business-to-consumer (B2C) scenario. You will find this feature extremely valuable as companies increasingly require digital integration.

Simplify Vendor Selection and Management

CaptiFlow eliminates the need to piece together different technologies from different vendors, which can bring projects to a grinding halt. It's common for transformations to require 8 or more vendors to create their solution. CaptiFlow takes it to 1. This reduces your costs and speeds up your transformation, helping you leapfrog your competitors and quickly respond to customer requirements.

Eliminate Financial Constraints

With CaptiFlow handling 30+ services out-of-the-box for you, not only will you save time, you will also save a lot of money. We do this by – see above.

Bob and Steve Consulting

You probably feel overwhelmed with the onslaught of new technologies and change. You are not alone.

At TwoSommers we draw on our 30+ years of experience in the tech industry to offer consulting services aimed at helping companies craft a roadmap for their future success. We have witnessed the diverse range of obstacles that organizations face, and our decades of experience enable us to navigate these complex transformations. We know what it takes to move the ball forward – getting into the weeds with you. We have witnessed explosions at a GE plant (no worries, it was just part of their gig), toured oil rigs in the heart of Texas, camped out in accounting departments, and have been knee-deep in landfills.

We will work closely with you to identify your organization's pain points, analyze existing processes, and help you develop a roadmap that aligns with your goals. We will provide you with the guidance, support, and industry insights needed to navigate the complexities of the digital landscape. Together, we will build a solid foundation for your future success, enabling your organization to stay ahead of the curve and unlock new opportunities in the digital age.

Summary

As a family business, we believe in building relationships that last far beyond the completion of any business transaction. We believe in honest, hard work that puts you in the best position to succeed. To us, you are not just another customer, but a part of the extended family. Our name, TwoSommers, serves as a daily reminder to always put our best foot forward for you. We understand the importance of the investment you put in us, and we do not take that lightly. We pride ourselves on offering a platform that simplifies transformations, complemented by a dedicated duo that supports you throughout your entire journey.

Call us any time.