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# ViewPoint

Annual Edition 2025

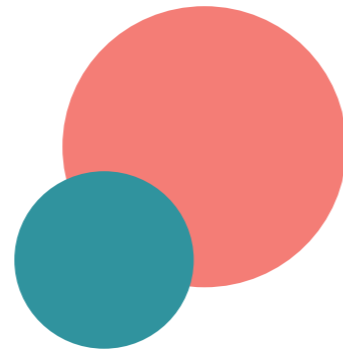
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# Foreword

It is in the light of a year shaped by rapid technological progress, evolving business priorities and a world around us that has claimed a growing need for resilience that we present the Viewpoint Annual Edition 2025. This edition brings together a collection of insights written by our consultants throughout the year and is highlighting how organizations can navigate complexity while continuing to innovate and create sustainable value.

We explore key shifts influencing today's business environment; from the strategic implications of AI and evolving operating models to business transformation, information security, regulatory compliance, and the increasing importance of diversified global supply chains. These perspectives are sprung from our client assignments and reflect our ambition to share practical and empirical advisory that supports organizations in turning strategy into tangible outcomes.

2025 also marks a substantial milestone as Opticos celebrates 15 years of working with our clients, delivering projects and advisory services. Guided by our consulting philosophy "Pragmatic Intellect" we have further strengthened our capabilities and commitment to our clients, ensuring value realization and visible outcomes, something that has also manifested in this year's Viewpoint edition, being the most substantial edition so far.

Looking ahead, we remain committed in our endeavor to build relevant and forward-looking solutions and services for our clients, combining insight and hands-on execution. Our ambition is to facilitate and drive informed decision-making, encourage collaboration, and contribute to sustainable progress in an evolving business and technology landscape.

We sincerely appreciate your continued engagement and trust in us as your advisory and services partner. If you find value in the insights collected in this Viewpoint we invite you to stay connected with **ViewPoint by Opticos** at [www.opticos.se/viewpoint](http://www.opticos.se/viewpoint)



**Teodor Danielsson**  
Director, Service Offerings



As another eventful year comes to an end, we are proud to present 'ViewPoint Annual Edition 2025' that reflects our knowledge and experience working with our clients.

We hope they spark reflection and new ideas in you.

**Fredrik Hallberg,**  
Head of Strategy and Growth



# Leveraging Fit-to-Standard ERP Solutions When Driving Business Transformation



**Cost:** One significant factor influencing the choice of standardized processes is cost, and more precisely, the total cost of ownership (TCO). By developing a standardized ERP system configuration for a specific market, ERP suppliers can avoid the need to construct unique architectural frameworks for each client. Moreover, employing an established standard process for discussions enhances efficiency, as it simplifies the task of identifying necessary changes compared to developing requirements from the ground up with regards to their architectural feasibility. Consequently, this methodology saves both time and cost for the supplier, which reflects positively on the price towards its customers.

**Best practice:** Many organizations that opt to implement ERP systems and standardize their processes do so based on the assumption that the industry-wide requirements used as a foundation for the ERP frameworks are not only sufficient but optimal. This creates a form of trust for the organization that the preconstructed setup in the ERP system, often for business support processes, is best practice. Consequently, rather than adapting the ERP system to align with current business processes, the organizations reorganize their operations to fit the standardized business processes as structured in the ERP system.

**Continuous improvements:** ERP systems continuously develop over time with improved functionality and addition of new features, leading to most providers offering regular system updates. The timing and frequency of these updates can vary depending on the specific ERP system, typically occurring annually or biannually. By adhering closely to standardized processes, system upgrades can be implemented with relative ease. However, substantial modifications to the system, such as aligning it with current existing business practices and deviating from standard configurations, may hinder the organization's ability to run updates effectively. As a result, many installations of previous generation ERPs operate without support at high risk and frequent issues. This technical debt produces unfavorable impacts across the organization. By following established standards, one significantly reduces the likelihood of this issue.

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## Introduction

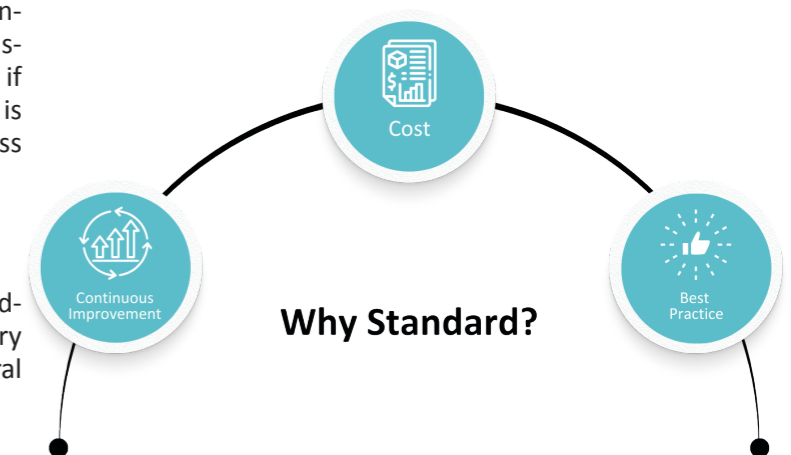
Previously, many Enterprise Resource Planning (ERP) solutions were customized for individual clients, however over the years this has shifted towards the development of standardized business processes that fits the needs of many verticals and/or industrial applications. But how easy is it to implement these standardized processes and what does it take to fit your business into a standardized ERP platform?

## What is Fit-to-Standard?

The need for companies implementing ERP systems have been largely identified as similar across various industries. This similarity has enabled ERP providers to develop standardized processes per industry that are pre-configured within the system. These standardized processes serve as a foundational baseline when constructing the ERP setup for a company, where discussions focus more on “Do the standard solution fit, if not what adaptation of the business way of working is needed?”, rather than designing a customized process work-flow in the system from scratch.

## The need for Fit-to-Standard ERP systems:

The reasons companies frequently opt for standardized processes during ERP implementation can vary significantly among organizations. However, several factors are commonly observed across the market.



## The implementation process of standard ERP solutions

The process of implementing an ERP standard system will inevitably vary depending on the organization. However, there are several common steps that are specific for the standardized process that are typically observed across most ERP standard implementations. Below is a high-level summary of these steps;

- **Walkthrough of standardized process:** A common practice during an ERP implementation is for the implementation partner to conduct a walkthrough of the preconfigured standardized processes within the system. This is typically executed through workshops that include the implementation partner, system architects, and business representatives from the organization.
- **Capturing business requirements:** Although the standard ERP configuration is generally considered best practice, it must still be tailored to meet the specific needs of the organization. Consequently, the standard systems present configuration options, and the focus is to select and detail an option. To achieve an optimal configuration design, it is essential to invest in educating the business representatives in the new system. This will enable them to critically assess existing business processes and collaborate with the implementation partner to identify opportunities for improvement.
- **Adaptation of system:** ERP architects focus on making the required adjustments to the preconfigured ERP system based on the identified business requirements. These changes ensure that the system is properly aligned with the organization's needs while maintaining the integrity of the standardized process.

## The best-practices for success

An ERP implementation is a challenging project for most companies. The ideal prerequisites with clear requirements, sufficient funding, top management support, capable implementation partner, and availability of experienced business resources are rarely met. To balance priorities and align with the given situation, and yet ensure an efficient program when building several new teams a common understanding for selected implementation method is crucial. Both system vendors and implementation partners offers implementation methods and these methodologies offer a structured framework, outlining key activities to be carried out by the business. However, several additional factors are critical to the success of the ERP standard implementation. Below, we highlight some of these key factors.

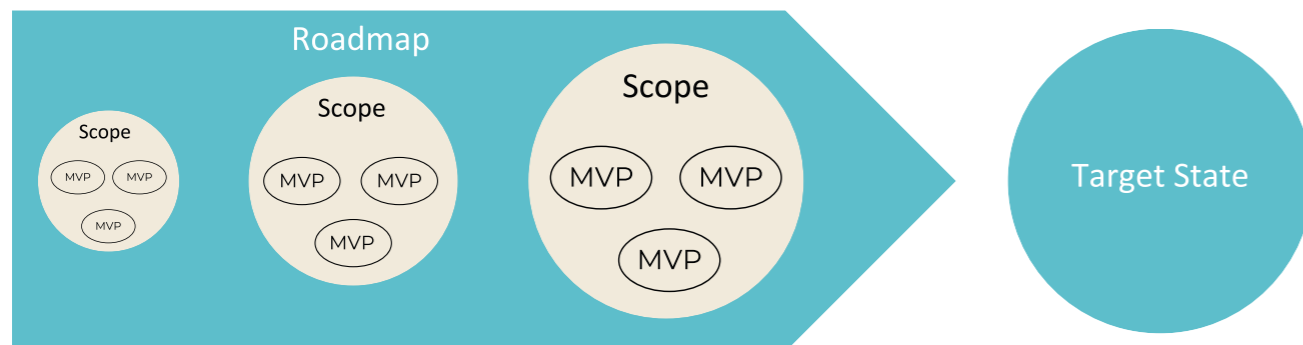
- **Set a target state:** It is crucial to establish a clear target state for the implementation. This clarity empowers business professionals to make informed decisions, as they will have a clear understanding of what way the organization is headed. A common target state and guideline for ERP standard implementations is for organizations to adhere to standards to the greatest extent possible. Exceptions to this rule should typically only be made due to legal requirements. This approach will reduce the need for extensive discussions about “who’s way of working” one should follow within the organization and creates a just change for all parties involved.
- **Defining a roadmap:** ERP implementations are often regarded as the most significant IT transformations an organization will undertake, and due to their scale, they are typically executed in multiple releases. To ensure successful implementation it is crucial to approach the implementation in a well-structured manner, carefully considering how to set up the scope for each release. This involves leveraging the standardized processes of the ERP system as a foundation while also considering the company's unique characteristics, such as size, structure, and geographics. In addition, the existing landscape is a crucial element, and it is essential to comprehend how it can be effectively replaced.

One intermediate approach is to structure the roadmap based on capabilities. By mapping the capabilities utilized across different departments within the organization, a clear pattern and logical approach for the ERP implementation will emerge. The goal of this approach is to prioritize key capabilities during the initial implementation. Still, one must consider constraints when replacing existing solutions. This step-by-step approach is advantageous from a structural perspective, as it facilitates smoother integration of process components and ensures system coherence, ultimately optimizing operational efficiency as the implementation progresses.

- **Scope control:** During a long implementation program business develops and new requirements and priorities evolve. Consequently, it is essential to regularly review and adjust the scope and roadmap to accommodate for these changes. The detailed plan for each release typically adheres to the predefined implementation process, with each activity dependent on the successful completion of the previous one. Consequently, the waterfall planning approach is often utilized for managing detailed activities during ERP implementations. However, an agile approach should be applied at a higher level, primarily for managing the scope of each release and overall roadmap, to ensure that business needs are continuously addressed and met throughout the implementation process. While changes to the scope are inevitable and to a certain extent should be encouraged, it is concerning when the scope not only changes but expands significantly. A recurring challenge that organizations often encounter when implementing ERP standard, frequently resulting in scope expansion, is the accurate identification of authentic business requirements. This difficulty often stems from business representatives challenges in distinguishing between descriptions of existing workflows and true requirements, particularly during the early stages of implementation. This is often derived from their unfamiliarity of the ERP system and its possibilities. To mitigate this risk, it is beneficial to establish structured forums that facilitate discussions between business representatives and the ERP architects. This collaborative environment facilitates the integration of diverse competencies, drawing from both business expertise and in-depth ERP knowledge, thereby ensuring the development of a good solution.

When implementing an ERP standard, organizations will adopt a single system to cover a broad spectrum of business processes, contrasting with the typical current situation where multiple systems are in use. As a result, any modifications made throughout the standard process will likely trigger additional adjustments. It is therefore important to continuously reassess and ensure that all aspects of the process are thoroughly accounted for during the business requirements gathering phase.

- **Minimum Viable Product – MVP:** Even when requirements are articulated effectively, the sheer number of them can become overwhelming, leading to the critical issue of prioritization. To address this, the concept of a Minimum Viable Product (MVP) approach is commonly advocated. This entails that organizations should prioritize and protect their most valuable requirements throughout the implementation process. The MVP concept can therefore serve as a strategic framework, offering essential guidance and support in the decision-making process, particularly when it is necessary to prioritize and reduce the number of requirements.



## Wrap Up

*Fit-to-standard ERP solutions are a powerful tool for driving business transformation. However, successful implementation requires both leveraging the standard solution and adaptations to meet the specific needs of the organization. The key to success lies in creating a mutually beneficial relationship between these. While we have highlighted several key factors and outlined how this synergy can be realized, it is important to acknowledge that numerous additional factors specific to your organization should be analyzed to ensure successful ERP implementation.*

# Risk Management in Your Digital Transformation Initiative



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## Introduction

In today's rapidly evolving digital landscape, businesses are increasingly embarking on digital transformation initiatives to stay competitive and drive innovation. However, these initiatives come with their own set of challenges and uncertainties. Effective risk management is crucial to navigating these complexities and ensuring the success of digital transformation efforts.

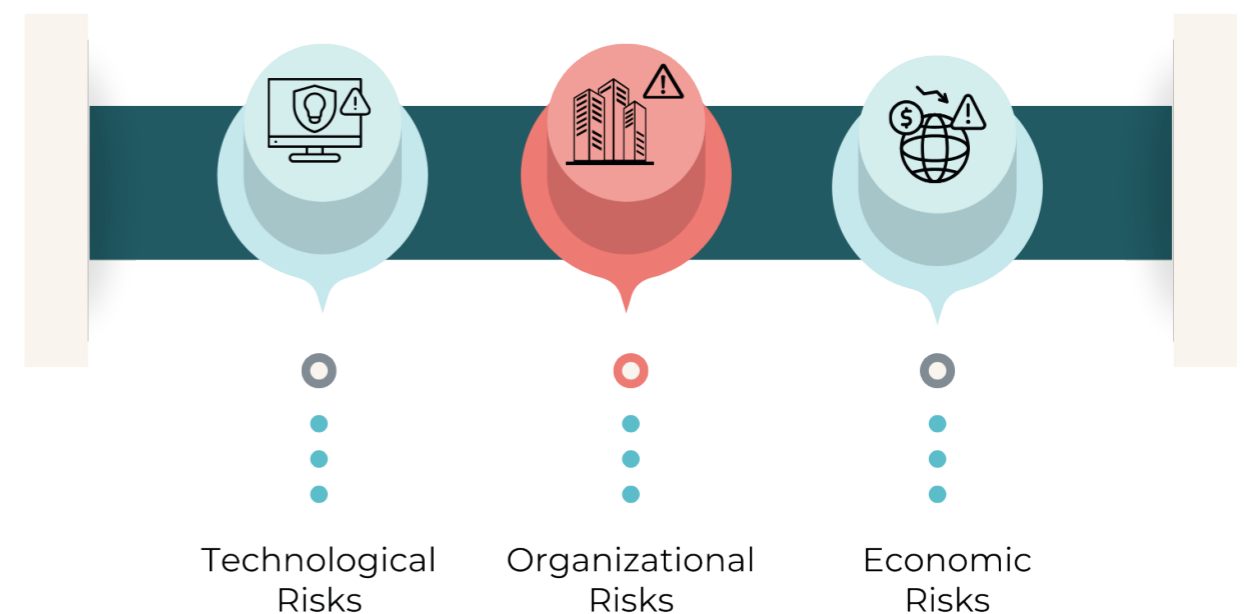
The importance of risk management in digital transformation cannot be overstated. It helps organizations anticipate and prepare for potential issues, ensuring that projects stay on track and within budget. By proactively managing risks, businesses can avoid costly disruptions, safeguard their investments, and achieve their strategic objectives. Neglecting risk and resource management often leads to significant cost leakage, derailing projects before they deliver value. Considering this, let's explore common risks in digital transformations and actionable strategies to mitigate them.

## 1. Technological Risks

**Risk #1 Legacy systems:** Many organizations rely on older systems which are often incompatible with modern technologies. This creates challenges with integration, causing delays and complications. Additionally, legacy systems tend to be costly to maintain and upgrade, which can strain the allocated budget for new initiatives. These systems are frequently customized and modified over time, resulting in highly tailored, complex structures that make integration even more difficult. Such modifications often turn the system into a tangle of adaptations, complicating any attempts to connect or replace it. Another critical challenge is contract management. When nearing the end of a contractual term for a legacy system, organizations often face a hard deadline. Extending the contract is usually undesirable, as the system is already slated for replacement. This creates time pressure, limiting the available window to transition to a new system effectively. What are some measures you can take to minimize or completely erase this type of risk?

**Mitigation plan:** Modernizing Legacy Systems: Investing in the upgrade or replacement of legacy systems is essential to ensure compatibility and improve efficiency. This may involve adopting cloud-based solutions or seamlessly integrating new technologies with existing systems. As part of your digital transformation efforts, consider which legacy systems can be replaced simultaneously. While this increases project scope and complexity, it also offers significant long-term benefits if executed effectively. Given the risks associated with heavily customized legacy systems, a thorough system mapping is critical. This helps you understand the full impact of replacing the system and ensures the transition is handled optimally. From a contract management perspective, having a strong procurement team is invaluable. They can monitor upcoming contract expirations and negotiate extensions if necessary, providing additional time to implement changes without disrupting operations.

## Common Risks in Digital Transformation



## 2. Organizational Risks:

**Risk #1 Resistance to Change:** Employees may be reluctant to adapt to new work methods and technologies, which can hinder progress. This resistance can stem from fear of the unknown, lack of understanding of the benefits of change, or concerns about job security. Poorly managed change initiatives often fail to address employee concerns, leading to disengagement. Some employees will then put up resistance, and the project will not have the desired effect. For more information on this topic, read our article: [Tools for Managing Cultural Differences in Global Teams](#)

**Mitigation Plan: Active Change Management:** In order to mitigate the resistance to change you should develop a clear change management plan. The plan should include communication, training, and support for employees to be effective. It is important to involve employees in the change process, listen to their concerns, and provide them with the necessary tools and resources to succeed. An often-overlooked part of a change plan is to include more senior stakeholders, as they are not always thought of as part of the project. Including and involving the senior stakeholders actively will help with getting other employees on board, as the stakeholders usually hold major influence and power, which can be a great tool to use.

**Risk #2 Lack of Skills:** Digital transformation requires specific skills that may not be present within the organization, leading to a skills gap. This can delay projects and increase costs for hiring or training staff. We can see that this risk is common when a project has begun without considering what specific skills will be needed but rather what roles are needed. The skill gap, if not addressed, can lead to big delays, a faulty solution, or failure to complete the initiative, leaving your company with a huge cost and nothing of value to show for it.

**Mitigation Plan: Skills Development:** Invest in training and recruitment to ensure the organization has the necessary skills to carry out the transformation. This may involve offering internal training programs, partnering with educational institutions, or hiring experts in relevant fields. Consider identifying important previous experiences when hiring new employees; it is important that the new hires have the right previous experience and not only the correct previous role. This is especially important when hiring for long-term and ongoing projects, as the new employee will need to adapt to and grasp the project without having been involved from the start. Therefore, prior experience and possessing the right skill set are essential, as they will help shorten the onboarding period and ensure a smoother transition for the new hire.

**Risk #3 Scope Creep:** As projects progress, there can be a tendency for the scope to expand beyond the original objectives. This can lead to increased costs, extended timelines, and resource strain. Scope creep often occurs due to unclear project requirements, stakeholder demands, or inadequate project management. Scope creep can occur during independent releases of a digital transformation initiative, creating complexity for coming releases or simply expanding the scope of a project.

**Mitigation Plan: Strict Scope Governance:** To mitigate the risk of scope creep, it is crucial to clearly define the project's scope and objectives from the start. Implementing strict change control processes ensures that any adjustments are managed effectively, preventing the project from losing focus or expanding uncontrollably. A robust governance model is equally important. Establishing a clear, structured process for evaluating proposed scope changes helps determine their necessity and identify the best course of action if changes are warranted. This disciplined approach maintains project alignment with its goals while minimizing disruptions.

## 3. Economical Risks:

**Risk #1 Cost Overruns:** Projects can become more expensive than planned due to unexpected expenses or inaccurate budget estimates. This can lead to project cancellations or negatively impact other parts of the business. Cost overruns are common in projects where the buyer overlooked the complexity of the project, for example, the complexity or vastness of the scope or the complexity in the execution. When underestimating either of these will subsequently lead to insufficient budgeting, undervaluing the resources and the time needed.

An additional aspect is the lack of budget and cost review/follow up which causes a lack of insight into spend and therefore no control or proactivity will be possible.

**Mitigation Plan: Careful Budgeting:** Create a detailed budget with allowances for unexpected expenses and regular follow-ups to keep costs under control. It is also important to have a flexible budget that can adapt to changing conditions and needs. Take into consideration the complexity and take input from people with this kind of project experience as well as the starting project team, as they will have a more detailed view of the budget and potential costs and risks with it. This bottom-up approach will help you get a closer understanding of the actual cost instead of the top-down approach, where we estimate what we want the cost to be and not what we believe it will be. When the budget has been created, and the project has started it is very important to monitor the spending and have regular follow-ups regarding the budget. This is to not lose control of costs and to be able to be proactive when you identify any major deviations.

**Risk #2 Return on Investment Risks:** It may take longer than expected to see returns on investments in digital transformation. This can create frustration among stakeholders and affect the organization's financial stability and support. This risk is usually caused by not keeping major stakeholders included in the information loop. This risk can also occur when stakeholders are not made aware of the gains the project has made even though it is progressing as intended. The root cause of this risk is usually that the stakeholders have not been informed or educated on the progress and gain of the project.

**Mitigation Plan: Measuring Return on Investment:** Implement methods to continuously measure and evaluate the return on investments to adjust strategies as needed. This can include setting clear goals and key performance indicators (KPIs), conducting regular evaluations, and adjusting project plans based on collected data. Further, this risk can be mitigated by capturing "quick wins," which shows the stakeholders the value the project adds early on and can create momentum for the project moving forward. Measuring the Impact of Digital Transformation Projects

### Handling risks

From our perspective, a common approach to effective risk management is creating a RACI matrix. This tool clarifies roles by defining who is Responsible, Accountable, Consulted, and Informed. It helps ensure accountability in executing the risk mitigation plan, preventing tasks from being overlooked. Without a clear process, risk management can become inconsistent. It is crucial to work with risks continuously throughout the project, rather than relying on a single risk workshop at the beginning. Regular updates and ongoing risk manage-

ment efforts help keep the project on track and reduce potential issues over time.

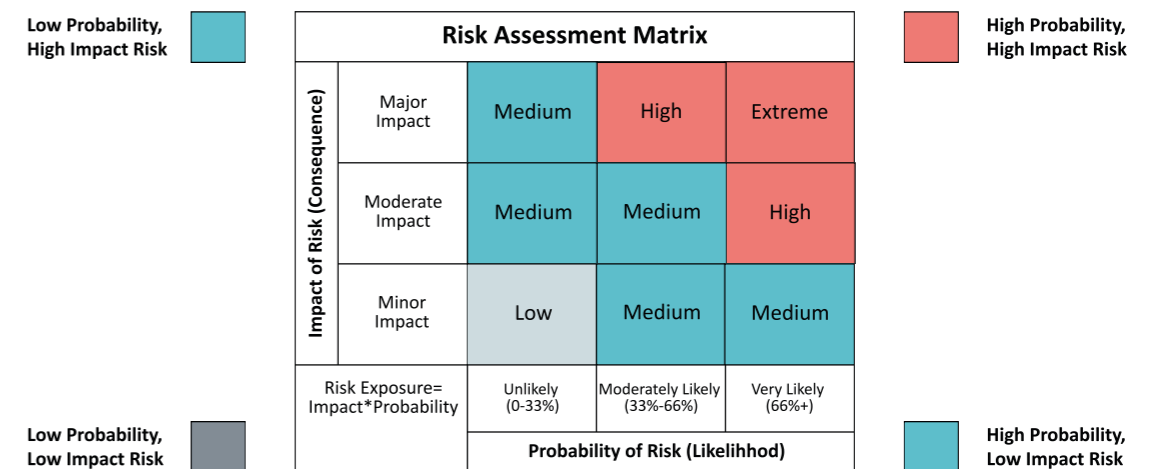
In resource-constrained projects, we have seen that prioritization is crucial to address the most critical risks without overextending capacity. A practical method is to evaluate risks based on their likelihood and impact. By scoring risks on these factors, you can focus on those with the highest scores, ensuring that resources are allocated where they will have the greatest effect. If you want to go a step further you could add a layer that covers the complexity of the risk, the bigger the circle the more complex the risk and it's solution will be.

### Conclusion

Digital transformation offers enormous opportunities for organizations to improve their operations and create long-term growth. However, to succeed, it is important to be aware of the risks that may arise and to have a clear plan to manage them. By modernizing legacy systems, implementing robust security measures, developing a strong change management plan, and carefully monitoring budget and return on investment, organizations can minimize risks and maximize the benefits of their digital transformation. With the right strategy and preparation, digital transformation can become a catalyst for success and innovation.

Effective risk management not only safeguards your digital transformation investments but also fosters a culture of resilience and adaptability. By staying aligned with stakeholders, maintaining clear communication, and being prepared to adapt to challenges, organizations can navigate their digital transformation journeys with confidence and achieve their strategic objectives.

Qualitative Risk Assessment Visualization





# Driving Effective Transitions: Key Practices for Success

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### Executive Summary: Transitioning Right for Long-Term Success

A well-executed transition is more than just a technical handover—it’s a strategic initiative that sets the foundation for future growth and operational excellence. By establishing clear goals, engaging stakeholders, enabling effective knowledge transfer, and managing change thoughtfully, organizations can turn transitions into opportunities for long-term value creation.

As transition landscapes continue to evolve—driven by digital innovation, sustainability demands and shifting sourcing models—organizations that plan proactively and act decisively will be best positioned to thrive in this dynamic environment.

### 2. Unclear Service Delivery Expectations

A recurring challenge in transitions is that services agreed upon during procurement may not always be delivered as expected. Misalignment in understanding capabilities, responsibilities, and expectations often causes disputes and can lead to re-negotiations during the transition phase. Clear communication on deliverables and expectations is crucial from the outset.

### 3. Internal Team Overload and Operational Impact

Internal teams assigned to manage transition work often become overwhelmed with day-to-day operational tasks, reducing their focus on supporting the transition effectively. Additionally, organizations often expect “business as usual” during transitions, but the added focus on transition work can impact service delivery. A dedicated transition team with defined roles, clear time allocation, and appropriate backfill support ensures teams can balance operational and transition priorities.

### 4. Knowledge Transfer (KT) Gaps

Expectations around documentation are often higher than the actual situation, with critical knowledge residing in individuals’ heads rather than structured records. Identifying the right people, capturing their knowledge, and transferring it effectively to the incoming supplier requires significant logistical effort, strong organizational support, and close collaboration with the incumbent supplier.

### 5. Friction Between Incumbent and Incoming Supplier

Conflicts between suppliers often create delays and complications in the transition timeline. Without clear cooperation frameworks and management involvement, this friction can derail timelines and deliverables. Involving executive leadership early is crucial to maintain focus on the shared goal of achieving a smooth transition.

### 6. Non-Comprehensive or Missed Scope Coverage

One common pitfall is missing critical elements that should have been part of the service or project scope. Overlooking key support activities required to meet the project timeline can also create delays. For example, identifying who owns software licenses today versus in the future, and how they will be managed, is critical to ensuring no gaps in service. Defining project scope and critical dependencies clearly in the transition plan is crucial to mitigate this.

### Best Practices for a Successful Transition

#### 1. Define Clear Goals and Governance Structures

- Establish and communicate a clear vision and set goals early to align teams, gain organizational support, and reduce resistance to change.
- Assign a dedicated Transition Lead with clearly defined responsibilities to oversee collaboration, set expectations, track progress, manage risks, and ensure ownership of key activities and decisions.

This article draws from Opticos’ extensive experience supporting transition programs across industries. It outlines the challenges we’ve encountered, the proven best practices we apply, and the emerging trends that are shaping transition strategies.

### Common Challenges in Transition Projects

#### 1. People and Communication Gaps

Transitioning IT systems is often easier than transitioning people’s mindsets. Resistance to change, uncertainty, and lack of clarity can hinder progress. To overcome this, organizations should prioritize clear communication about the purpose of the transition (Why), timeline (When), and responsibilities (By whom). Additionally, leaders should ensure transparency on how the transition will affect people and systems in both the near-term and long-term.

#### 2. Unclear Service Delivery Expectations

A recurring challenge in transitions is that services agreed upon during procurement may not always be delivered as expected. Misalignment in understanding

- Define KPIs early to track performance, measure success, and align teams on expected outcomes.

## 2. Effective Communication, Stakeholder Engagement and Collaboration

- Develop a structured communication plan to ensure continuous, transparent dialogue between internal teams, the incumbent supplier, and the new supplier.
- Appoint a Project Manager to manage information flow, align stakeholders, and drive active participation through clear task ownership.
- Integrate change management to build buy-in, reduce resistance, and encourage teams to engage meaningfully with the transition process.

## 3. Focus on Robust Knowledge Transfer

- Start knowledge transfer efforts early, ideally during the RFP stage, to avoid delays.
- Document processes clearly and ensure detailed handover materials are shared and accepted by the incoming supplier before go-live.
- Implement Transition Service Agreements (TSAs) to secure the incumbent supplier's commitment during the transition period.

## 4. Plan for Flexibility and Contingencies

- While a structured waterfall plan is useful to establish milestones, ensure flexibility is built into the process to accommodate changes.
- Include buffer periods and escalation pathways to mitigate delays.
- Maintain visibility of all changes and their impact on delivery timelines.

## 5. Transition to Transformation with Care

- Avoid running Transition and Transformation in parallel. Ensure stakeholders clearly understand the distinction between the two phases by defining deliverables, ownership, and timing. In some cases—such as to avoid high license costs—overlap may be necessary but should be carefully assessed and managed.
- Before moving into transformation, ensure the “rest list” (unresolved items from transition) is minimal.
- Allocate sufficient time for internal teams to stabilize before initiating transformation efforts

## Key Emerging Trends to watch in Transition Management

### 1. Value Driven Transitions

Organizations increasingly demand enhancements from day one rather than “as-is” service transfers. Leveraging automation, AI-driven solutions, and agile practices ensures improved efficiency and faster value realization.

### 2. Sustainable and Ethical Considerations

Sustainability is becoming a key factor in supplier selection. Organizations are incorporating environmental, social, and governance (ESG) criteria, green IT strategies, and carbon-neutral goals into their transition planning and vendor evaluations.

### 3. Supplier Diversification Strategies

Organizations are diversifying their procurement strategies to minimize risks from geopolitical conditions, volatile markets, and unpredictable events. Diversifying supplier bases across multiple vendors and geographies ensures resilience. This approach often involves collaboration frameworks and alternative sourcing models.

Unilever has adopted a global sourcing strategy that prioritizes supplier diversification to reduce dependencies and manage procurement risks effectively, demonstrating how leading companies build flexibility into their transition roadmaps.

## Conclusion: Turning Transitions into a Strategic Advantage

Transitions are no longer just operational exercises—they are critical enablers of strategic growth. Whether shifting IT services, outsourcing contracts, or entire business processes, transitions carry inherent complexity, but also unmatched opportunity. Poorly managed, they can disrupt operations, erode stakeholder trust, and delay value realization. But when executed with structure, clarity, and intent, they create lasting impact—enabling greater agility, cost efficiency, and service excellence.

At Opticos, we've seen firsthand how the right approach to transition can set the foundation for long-term success. We support our clients with end-to-end transition management—combining proven frameworks, robust governance, and tailored change enablement to ensure every handover is seamless and value-driven.

What sets our approach apart is our ability to adapt to each client's unique context—whether that means navigating complex supplier landscapes, aligning internal teams, or managing sensitive knowledge transfers. We don't just guide the process—we partner with you to make transitions smoother, smarter, and strategically aligned.

If your organization is preparing for a transition—or in the midst of one—let's connect. We'll help you not only manage the change but unlock the opportunity within it.





# From Strategy to Implementation: Leveraging Business Capabilities for Effective Transformation

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## Introduction

In today's rapidly evolving business landscape, many organizations struggle to bridge the gap going from strategy to implementation. A useful framework to drive this transformation is the concept of business capabilities\*. By defining what an organization must be able to do to execute its strategy, business capabilities provide a concrete, actionable bridge from strategic goals to implementation.

\* A business capability is a high-level representation of what an organization is able to do to achieve its strategic goals and fulfill its mission. It defines the organization's capacity to deliver specific value — whether internal or external — independent of how it is achieved. Capabilities are relatively stable over time, even as processes and technology evolve, and they are modular, often spanning organizational structures and crossing functional boundaries.

## Capabilities as a Vehicle for Change

Business capabilities are in fact the essential building blocks of the organization's business value streams. They define what the organization needs — in terms of processes, people/skills and technology — in order to deliver value and achieve its strategic objectives. Using capabilities as a framework for change helps focus the organization on what truly matters — aligning resources, technology, and processes toward achieving its strategic goals.

Business capabilities, like value streams, are stable, but how they are delivered evolves over time. This makes capabilities a powerful tool to manage transformation, as they provide a consistent lens through which both current and future needs can be viewed.

Capabilities offer a clear focus for change, as they cut across traditional silos of people, processes, and technology, aligning these elements toward achieving strategic outcomes

## Step 1: Conducting an As-Is Capability Analysis

The first step in any change or transformation is to understand the organization's current capabilities, or the "as-is" state. Organizations often lack a detailed understanding of their current capabilities, which makes this analysis crucial.

The as-is analysis focuses on identifying the organization's current capabilities in relation to the goals of the transformation. Rather than being an exhaustive assessment, it should prioritize areas critical to addressing the challenges or opportunities driving the transformation. This means concentrating on which capabilities are strong, which need improvement, and which may be missing—always with the overarching transformation objectives in mind.

This focused approach streamlines the analysis, avoiding unnecessary complexity, and provides a clear, actionable baseline that lays the groundwork for meaningful and goal-oriented transformation efforts.

## Step 2: Developing a Target Capability Model

Once the current state has been assessed, the next step is to develop the "to-be" or target capability model. This model serves as a blueprint of the capabilities and value streams needed to achieve the organization's strategic objectives in the future.

Each capability should be designed to meet future demands by refining its core components: aligning people (skills and roles), enhancing processes (workflows and practices), and upgrading tools and systems (technology and infrastructure), where applicable.

The target capability model is a powerful communication tool, clearly articulating the future vision and ensuring alignment among leadership, stakeholders, and teams. By detailing how capabilities will evolve, it provides a shared understanding of the transformation's direction and steps required to achieve it.

## Step 3: Identifying and Analyzing Gaps

The gap between the as-is and to-be capabilities becomes the basis for the transformation. These gaps highlight where the organization needs to improve, invest, or re-engineer processes, technologies, and structures.

The clear definition of these gaps enables the organization to break down the transformation into manageable work packages, ensuring that each effort is focused, actionable, and aligned with the broader strategic goals. Different gaps will require different levels of effort to close, and they won't all be equally critical. Therefore, it's essential to prioritize them based on the potential value they deliver and the cost of execution.

#### Step 4: Prioritizing Transformation Activities

The next step is to prioritize the gaps and the activities needed to close them. This prioritization should be based on two factors:

- 1. Value Delivery:** What is the expected impact on the organization's ability to execute its strategy once the gap is closed?
- 2. Cost of Execution:** How complex or resource-intensive is it to close the gap?

By focusing on high-value/lower-cost activities first, organizations can start realizing value early in the transformation process while managing risk.

#### Step 5: Creating a Transformation Roadmap

With the gaps identified and prioritized, the next step is to create a transformation roadmap. This roadmap serves as a detailed guide, breaking down the work into actionable packages that address specific gaps. By structuring these work packages, the roadmap provides a clear sequence of activities required to enhance and evolve business capabilities to meet the transformation goals.

Each work package in the roadmap should include defined timelines, required resources, and key dependencies to ensure smooth execution. This granular approach not only makes the transformation more manageable but also helps stakeholders stay focused on achieving measurable outcomes while staying aligned with the organization's strategic priorities.

The transformation roadmap should be structured in a way that maximizes value delivery early and reduces risks. This approach builds momentum, generates quick results, and lays a strong foundation for sustained progress throughout the transformation.

#### Step 6: Building a Business Case and Value Delivery Plan

The value of closing capability gaps should be quantified in a business case to justify the organization's investment in the transformation. This business case should outline the anticipated returns, such as time or cost savings, improved efficiency, enhanced customer experiences, or faster time-to-market.

In parallel, a value delivery plan ensures that the transformation remains focused on delivering measurable outcomes, ensuring that each closed gap contributes to the overall strategic goals.

#### Conclusion

Transforming an organization's capabilities is essential for successfully executing its strategy and achieving sustainable competitive advantage. By using the concept of business capabilities to guide this transformation, organizations can bridge the gap between strategy and execution, ensuring a continuous focus on strengthening the business value streams.

The step-by-step approach outlined — from conducting an as-is analysis to developing a target capability model, identifying gaps, prioritizing activities, creating a transformation roadmap, and building a business case — provides a clear and actionable path to transformation. Each step builds on the previous one, ensuring alignment with strategic goals while breaking down complex changes into manageable, prioritized work packages.

This structured process not only drives measurable value but also empowers organizations to adapt, innovate, and thrive in an ever-changing business environment, turning strategic vision into operational reality.



# Strategy & Operational Excellence

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Aligning processes and data for resilience**

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# On the Verge of a New World Order: Strategic Imperatives for Business

## Authors:



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Senior Consultant



**Andreas Krus**  
Director

### Executive Summary: Transitioning Right for Long-Term Success

Growing geopolitical tensions among the US, China, and the EU are driving the securitization of science, innovation, and research policies. In response, governments are implementing measures to reduce interdependency risks and restrict international technology flows.

Over the past decade, technology strategies have undergone a significant shift, with digital transformation centring around cloud migration, global scalability, and seamless operations. Organizations initially prioritized migrating from on-premises infrastructure to full cloud adoption, relying on global providers for critical operations. However, growing concerns over data sovereignty and security risks have led to a shift toward hybrid solutions, accompanied by growing debate over the relevance of private data centers. This shift reflects a broader push for technological self-sufficiency across industries and governments.

The pandemic and war in Ukraine have accelerated these trends, exposing vulnerabilities in global supply chains and innovation ecosystems. As a result, governments are increasingly investing in domestic technologies and infrastructure to reduce reliance on foreign providers. In cloud computing, Europe is seeing a surge of domestic alternatives aimed at strengthening digital autonomy. Policy-driven initiatives like Gaia-X seek to establish EU-compliant data ecosystems, while companies such as the Swedish startup Evroc are developing a European hyperscale cloud infrastructure to compete with U.S. providers and ensure compliance with regional legal frameworks. These efforts highlight a broader strategic shift, where governments and businesses are prioritizing sovereign infrastructure to mitigate geopolitical and regulatory risks.

While these measures aim to enhance national security, there is also a risk of limiting international cooperation and increasing regulatory complexity. According to OECD, this shift is already reshaping the competitive landscape, where access to critical knowledge, technologies and markets, is expected to be increasingly restricted.

## Implications for Business

The evolving geopolitical landscape introduces several critical risks for businesses. Increasing regulation and restricted technology flows heighten the risk of supply chain disruptions, intellectual property disputes, and operational inefficiencies. Research published in the Harvard Business Review, suggests that geopolitical uncertainty also has a profound impact on companies' innovation priorities, making them more risk-averse and less inclined to invest in emerging technologies and long-term R&D.

Organizations that overlook these shifting dynamics may find themselves outpaced as markets become more fragmented and competition intensifies.

## Building Resilience through Governance Innovation

At Opticos, we recognize that today's geopolitical landscape demands more than reactive measures – it requires a proactive and strategic approach to governance. Organizations must build the capabilities to anticipate change (foresight), monitor impact (insight), and guide action (oversight) in a coordinated way. But above all, they need the resilience and resolve to navigate volatility, complexity, and uncertainty, and to seize the opportunities that arise from it.

### Future-proofing your organization means:

- **Design for flexibility** – Implement agile governance frameworks and operating models that foster rapid decision-making, enable cross-functional collaboration, and allow swift pivots in response to geopolitical shifts. This approach ensures regulatory compliance, promotes innovation, and reduces reliance on external technologies.
- **Strengthen Compliance and Risk Management** – Regularly review and update compliance programs to align with evolving regulations across jurisdictions, ensuring operational continuity and mitigating legal risks. Monitor evolving export controls, investment screening regimes, and digital sovereignty laws in key markets.
- **Invest in Strategic Scenario Planning** – Conduct regular scenario planning exercises to anticipate potential geopolitical shifts and their impacts on business operations and market access. This helps in maintaining perspective on geopolitical risks and defining the company's risk appetite and use these insights to inform business continuity strategies, market prioritization, and innovation roadmaps.
- **Foster Cross-Sector Collaboration & Open Innovation** – Addressing complex, systemic challenges require collective action. Public-private partnerships and cross-industry collaboration enable co-development of transformative solutions. In Sweden's healthcare sector, such collaboration has accelerated digital health innovation – demonstrating how collective efforts can unlock new models of value creation.

# Why Most AI Projects Fall Short and What Effective Leaders Do Differently

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## Introduction

Artificial intelligence (AI) remains one of the most significant opportunities for large organisations. Yet, despite record investment and widespread enthusiasm, most companies remain at an early stage of maturity. Across Europe, over a third of enterprises report some form of AI adoption, but only a small fraction has successfully scaled AI to deliver tangible business value(1). Recent studies show that nearly three-quarters of companies struggle to move beyond isolated pilots, with as many as 85% of AI initiatives falling short of their objectives(2). This gap between intent and impact is the defining challenge of the current AI era.



## The Reality: High Interest, Low Maturity

The proliferation of AI pilots reflects growing recognition of AI's potential to drive productivity, growth, and innovation. However, most companies still find themselves "stuck in pilot mode." Few have succeeded in integrating AI into core business processes or realised measurable improvements in efficiency, customer experience, or profitability.

This pattern is consistent regardless of sector. The enthusiasm for AI as a transformative force has led to substantial experimentation, but the transition from proof-of-concept to enterprise-wide impact remains elusive for the majority. Data shows that just 1%(3) of companies describe themselves as fully AI-mature, with AI embedded into workflows and driving significant, sustained value.

## Common Barriers to Scalable AI Impact

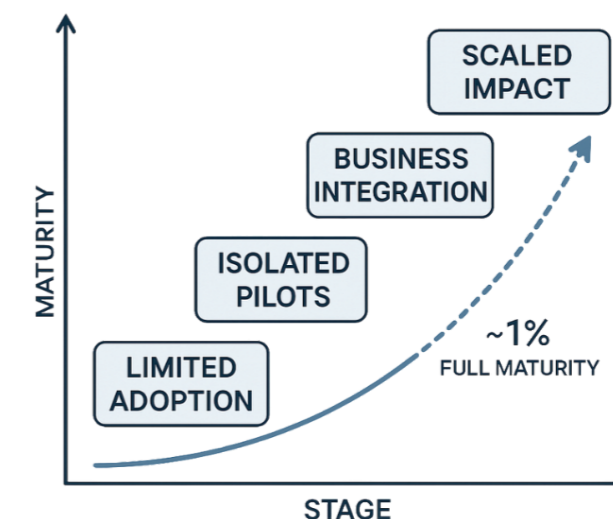
Analysis of recent failures highlights several recurring obstacles. Addressing these is crucial for moving beyond experimentation toward real operational and strategic impact.

### 1. Unclear Business Value and Lack of Strategic Alignment

Many AI projects start as tech-driven experiments with only minimal business input. When business and IT work in separate silos, they struggle to agree on the right problems, metrics, and sources of value. Data-science teams may produce brilliant models, yet these often miss the mark because they were built without day-to-day operational insight. Without cross-functional collaboration, initiatives rarely develop a clear hypothesis tied to outcomes such as revenue growth, churn reduction, or cost efficiency. Expectations drift apart, objectives grow fuzzy and returns disappoint, sometimes leaving the business with a set of promising pilots that cannot scale because IT and operations are out of sync. Executive sponsorship is hard to secure until both sides back a shared value case, especially when the benefit, like saving employee time, is tough to measure in hard currency.

This article draws on Opticos' experience working with leading organisations in Sweden and across Europe, as well as industry practices, to analyse the root causes of AI project failure and outline practical steps for achieving sustained results at scale.

## AI MATURITY CURVE



A counterexample comes from H&M. There, merchandisers, supply-chain planners, and data specialists joined forces to create an AI demand-forecasting platform. By pooling expertise from the start, the team cut excess inventory by roughly 15 percent and increased sales by about 10 percent, showing how close business-IT cooperation can turn data science into real sourcing gains(4).

## 2. Fragmented Data Landscape and Poor Quality

AI systems are only as good as the data that powers them. Poor data quality, absence of relevant data, fragmented sources, and lack of integration are among the most common reasons AI projects fail to scale. Incomplete, outdated, or inconsistent data undermines model performance and erodes trust among business users. In your AI project, this data question can be the most tricky and costly one. Data can put serious limitations on your AI ambition level.

## 3. Insufficient Governance and Regulatory Readiness

As AI adoption grows, so too does the importance of strong governance frameworks. In Europe, regulatory requirements such as the GDPR and AI Act demand rigorous oversight of how data is used, how models make decisions, and how ethical risks are managed. Many companies are unprepared for this environment, lacking formal structures for accountability, transparency, and compliance. This leads to delays, unanticipated risks, and in some cases, the halting of promising pilots due to privacy, fairness, or security concerns. Governance is no longer optional, it is a prerequisite for sustained AI success.

## 4. Lack of Change Management and Leadership Commitment

AI transformations are as much about people as they are about technology, if not more. While technical capability is essential, the greatest challenges often arise on the organisational and cultural side. Employees may lack trust in new AI tools or fear displacement; middle managers may resist changes to established processes. Crucially, leadership inertia remains a significant barrier. Without visible executive sponsorship, clear communication, and a commitment to reskilling, AI projects frequently stall at the pilot stage. Success depends on leadership driving the transformation agenda and modelling the behaviors required for adoption.

## 5. Unbalanced Investment Across People, Process, and Technology

Leading companies recognize that effective AI scaling requires investment beyond algorithms and infrastructure. A common pitfall is over-investing in model development while under-investing in the change management, data readiness, and business transformation required to onboard AI into day-to-day operations. Evidence suggests that approximately 70% of the effort in successful AI transformations is devoted to people and processes, including training, business redesign,

and workflow integration, while only 10% is focused on the underlying algorithms(5). Those that achieve the greatest value from AI allocate resources accordingly, ensuring the environment supports sustained use and improvement.

## What Sets Successful Organisations Apart

Drawing on our experience and analysis of the most advanced adopters, Opticos has identified four practices that distinguish organisations able to scale AI for real business impact:

### 1. Value-Driven Use Case Approach

Effective AI initiatives start with a clear definition of the problem or opportunity. Leaders identify where AI can move the needle on key performance indicators, whether increasing revenue, improving customer satisfaction, or reducing operational costs. Each initiative is justified by a measurable value hypothesis, and early efforts focus on high-impact, feasible use cases to build momentum. This ensures that technology investment remains closely tethered to business outcomes, and success is defined in terms the business understands.

### 2. Cross-Functional Collaboration and Translator Roles

AI work requires close collaboration between business experts and technical teams. Top companies form stable, cross-functional squads made up of domain specialists, data scientists, engineers and IT staff, and keep them together from the planning stage all the way through deployment. A central role in these squads is the analytics translator. This person turns business goals into clear technical requirements and makes technical results easy for everyone to understand and act on. This way of working speeds up delivery, raises adoption rates and cuts the chance of costly mistakes. It also calls for a smart sourcing strategy. Bringing in outside partners for specific tools, platforms or skills helps the core team stay focused on value creation and keeps total costs clear.

### 3. Robust Data Foundation and Governance

Success at scale depends on trustworthy, accessible data and a governance framework that supports both innovation and compliance. Leaders invest in data infrastructure, consolidation, and quality management early in the journey, often establishing a central data office or council to set policies and resolve issues. Governance frameworks clearly define ownership, access rights, and standards for responsible AI development, including privacy, fairness, and transparency requirements. In the EU, alignment with GDPR and evolving AI regulations is a must. Forward-looking organizations treat compliance as an enabler of trust, not a barrier to progress.

Use-Case Driven Approach, Anchored in Business Value

Robust Data Foundations and Governance



Cross-Functional Collaboration and Translator Roles

Culture, Change Management, and Talent Development

## 4. Culture, Change Management, and Talent Development

AI adoption is accelerated when supported by a culture that values experimentation, continuous learning, and transparency. Senior leaders communicate a compelling vision for AI, set expectations about the opportunities and risks, and champion ongoing education for all employees. Change management efforts focus on involving end-users early, offering role-specific training, and demonstrating early wins to overcome scepticism. Many leading firms invest heavily in upskilling, not only technical talent, but also business leaders and frontline employees, ensuring that everyone can engage effectively with AI solutions and identify new opportunities for value creation.

### Real-World Examples: Nordic Leadership in AI

Recent Nordic case studies illustrate these principles in action. For example, a leading fintech company has automated the majority of its customer service inquiries using AI assistants, resulting in significantly faster resolution times and millions of euros in annual savings. The keys to success were clear business-driven use cases, close collaboration between product and AI teams, rigorous data management, and a robust change management program that engaged customer service representatives in the design and rollout of the solution(6).

In manufacturing, several Swedish firms have successfully implemented AI-driven predictive maintenance, reducing equipment downtime and optimising maintenance costs. These organisations invested early in high-quality, accessible data and ensured that technicians were involved in the design and interpretation of model outputs, resulting in higher adoption and clear, measurable impact(7, 8, 9).

### End Note and Summary

AI has evolved from a speculative experiment into a strategic engine for business change. As regulators tighten rules and stakeholders demand transparency, scaling AI safely and responsibly is now a key competitive edge. Success depends on closing the gap between strategy and technology, investing in data and people, and embedding governance, ethics and sustainability throughout your programs.

To turn AI promise into real value, define outcomes in business terms first, then stand up cross-disciplinary teams of domain experts, data specialists, engineers and translators. Build strong data foundations and oversight, plan for change through training and clear communication, and bake in ethical and transparency standards at every step. This unified approach transforms pilots into a lasting advantage.



# Bridging the Divide: Mastering Integrations in a Hybrid IT World

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## Introduction

Digital Transformation is fundamentally about enabling agility, innovation, and resilience through rethinking of business models and processes – powered by technology. In pursuing this agenda, organizations are increasingly shifting from traditional, on-premise infrastructure and applications to cloud-based platforms and services. Cloud plays a pivotal role because it offers scalability, speed of deployment, commercial flexibility, and access to innovation at scale – capabilities difficult to achieve in static, on-prem environments. Yet, this shift is not binary or instantaneous. Regulatory constraints, legacy investments, and operational realities often require organizations to operate in hybrid IT environments, where cloud-native, SaaS, and on-premise systems coexist, sometimes for years.

These hybrid environments bring strategic opportunity, but also architectural complexity, especially in how systems are integrated, data is exchanged, and services are orchestrated. Without intentional integration strategy and governance, organizations risk creating fragile, fragmented IT landscapes that undermine the very agility digital transformation aims to unlock.

This article presents a structured point of view on how to manage integrations in a hybrid IT landscape, offering practical insights for CIOs, Enterprise Architects, and IT leaders. Drawing from real-world experiences and proven architectural patterns such as iPaaS, event-driven architecture (EDA), and layered integration, we explore why hybrid integration demands deliberate strategy, governance, and architectural planning.

## Hybrid IT is not a design choice – It's an evolutionary reality

### What Is a Hybrid IT Landscape?

A Hybrid IT landscape refers to an enterprise technology environment in which cloud-native platforms, SaaS applications, and on-premise systems operate concurrently and need to be integrated. This landscape typically evolves as organizations modernize selectively, retain certain legacy systems, adopt SaaS for speed, or encounter constraints such as regulatory requirements or data residency rules.

A typical Hybrid IT landscape might include:

- On-premise ERPs (e.g., SAP ECC, Oracle business suite)
- Cloud-native applications (e.g., Workday, Salesforce)
- SaaS platforms with limited extensibility or partial API coverage

Hybrid IT landscapes rarely result from greenfield architectural planning. They emerge organically driven by cloud adoption, SaaS implementation, M&A activities, or constraints like regulatory compliance and legacy system dependencies. Though often considered a transitional state, hybrid IT landscapes can persist for years, sometimes indefinitely. As such, integration is not just a technical afterthought – it becomes a strategic competency.

A hybrid IT landscape is not a final state, but an evolving one and managing integrations within it requires thoughtful architectural planning, not just tactical improvisation.

## Where Hybrid Integrations Hurt the Most

While hybrid IT landscapes offer flexibility and continuity, they also introduce a new category of integration pain points that extend beyond technology into architecture, security, and operations. Common issues include:

**Mismatched Lifecycles:** On-prem systems typically follow multiyear upgrade cycles, while SaaS platforms evolve rapidly and continuously creating friction in change management and version compatibility

**Limited Extensibility (in both directions):** Modern SaaS solutions often expose only a narrow set of APIs, while legacy systems may offer none at all. This frequently necessitates workarounds such as file-based transfers or integration middleware

**Fragmented Identity Management:** Hybrid environments often rely on multiple identity sources (e.g., Active Directory on-prem and OAuth in the cloud), leading to inconsistent provisioning and governance gaps

**Manual Interventions:** In low-maturity integrations, operations or business teams are often forced to manually close integration loops such as correcting data mismatches, reprocessing failures, or initiating syncs across disconnected systems

**Increased Operational Overhead:** Maintaining hybrid integrations often requires custom scripts, tailored middleware logic, and exception handling for batch jobs, file interfaces, and real-time APIs resulting in significant effort from IT and support teams

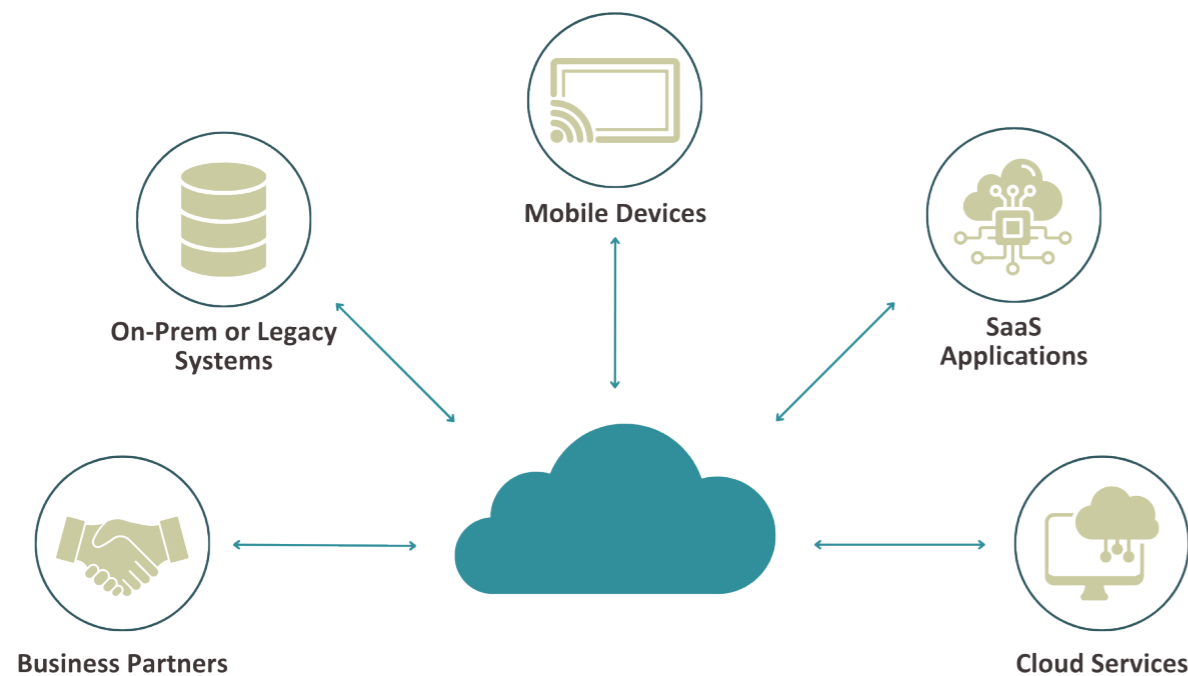
- **Security & Compliance Risks:** Many so-called SaaS solutions are “lift-and-shift” versions of legacy applications and may lack modern security controls such as federated user provisioning, multi-tenant access governance, or support for external integration endpoints. This exposes organizations to compliance risks, especially in regulated industries

In essence, hybrid integrations create an environment where technical diversity must be matched with architectural discipline, without which agility and scale remain out of reach.

### Architectural Patterns to Tame Hybrid Complexity

The antidote to this hybrid complexity lies not in technology or tools alone, but in adopting robust, modular architectural models that provide clarity, scalability, and long-term control.

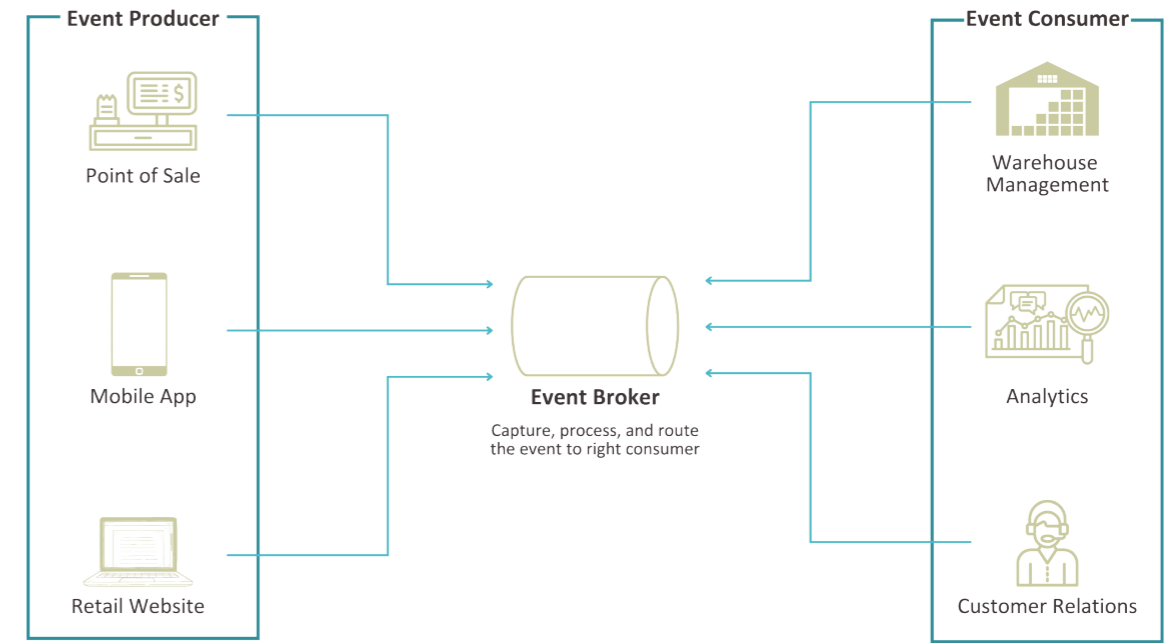
**iPaaS (Integration Platform as a Service)** is a cloud-based middleware providing abstraction, central management, and connectors to various systems. Platforms like Microsoft Azure Logic Apps, SAP integration suite or Anypoint (by MuleSoft) centralize integrations with pre-built connectors, monitoring and low-code configuration. They are ideal for organizations with diverse, fast-changing integration needs. Think of iPaaS as an airport hub with gates pre-assigned to your applications.



**Event-Driven Architecture (EDA)** embraces real-time data exchange via events and helps decouple systems to support scalability. Instead of tightly linking systems through request-response (like traditional APIs), systems are loosely coupled. This enables new consumers to consume data without changing existing integrations and allows data to flow in real time. Use cases for EDA can include order processing, inventory updates. For instance:

When a Sales Order is confirmed in an ERP system, an event broker, typically a middleware, publishes an Order confirmed event.

- The Warehouse Management System (WMS) consumes the event to trigger picking and packing
- The CRM system consumes the same event to update the customer record with order status
- The Analytics/BI platform listens to the event stream to update dashboards in near real time



### Layered Integration Model:

This pattern separates integration responsibilities across architectural layers – from data extraction to orchestration to monitoring. Think of it as a supply chain with specialized departments (picking, packing, shipping, tracking), each layer handles one part of the process. For instance:

- **Edge Layer:** Adapters for source systems (e.g., file exports)
- **Integration Layer:** API gateways, ETL tools, message brokers
- **Orchestration Layer:** Workflow automation, event sequencing (e.g., Azure Logic Apps)
- **Presentation Layer:** Dashboards and alerts for monitoring

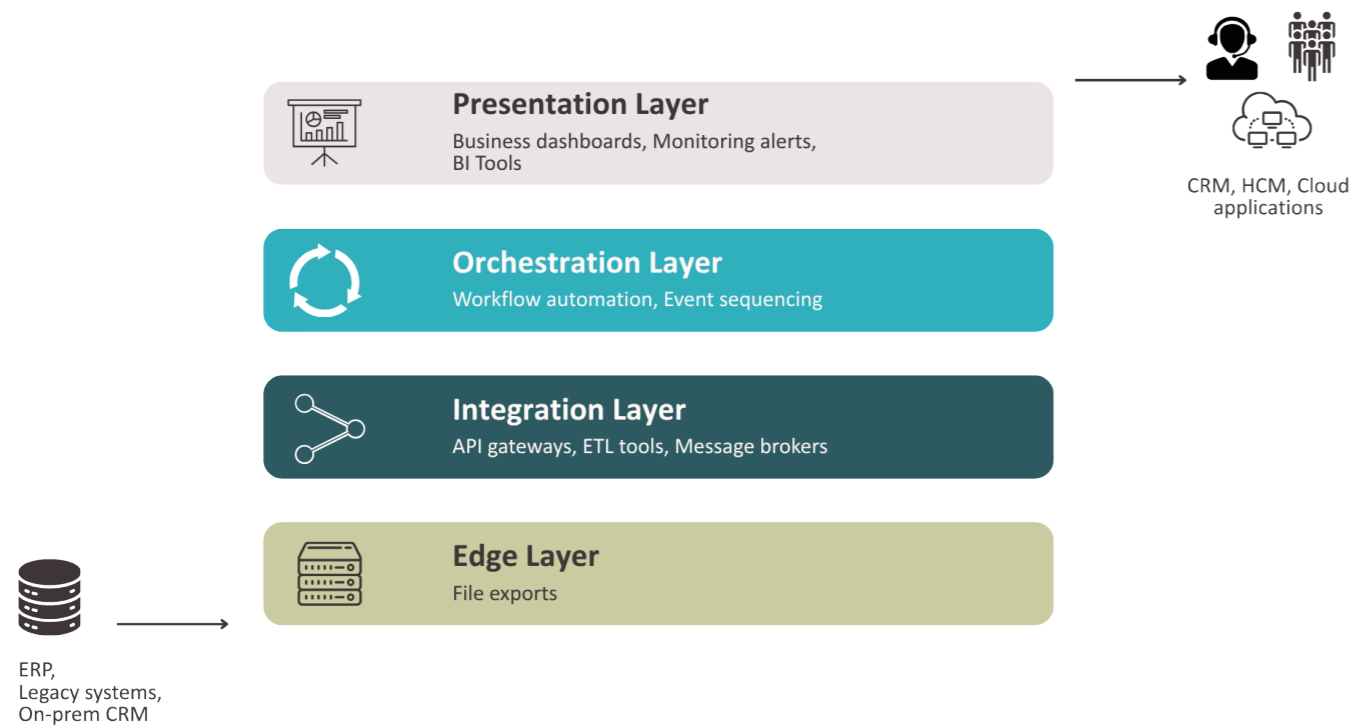
In many hybrid IT environments, integrated data from ERP, CRM, and SaaS platforms is funnelled through the integration layer into a data lake, where it is harmonized and stored for analytical and operational use.

These architectural patterns and approaches illustrate just how varied integration strategies can be across enterprises. What works in one context may fail in another. There is no universally “best” integration model but only a fit-for-purpose one. The right choice depends on the context and architecture must reflect the system maturity, business need, and operational capabilities of the organization.

Choosing the right architecture for the right context –

With extensive experience across hybrid integration scenarios, Opticos helps organizations cut through complexity and design platform-agnostic, fit-for-purpose architectures that balance today’s needs with tomorrow’s scalability.

Beyond selecting the fit-for-purpose integration approach, effective governance remains a key component of hybrid IT success. It ensures that integration efforts stay aligned with enterprise priorities, maintain consistency, and evolve sustainably over time.



### Govern the Interim to Enable the Future

Hybrid states are often intended to be temporary but without clear governance, they risk becoming long-term liabilities. A strong governance model can turn hybrid integration from a risk to a roadmap. Core principles include:

- Define ownership and roles across IT and business, especially for integration support, lifecycle management, and exception handling
- Prioritize automation over manual processes, leveraging APIs and event-driven architectures to reduce human intervention and improve efficiency
- Implement integration KPIs such as percentage of real-time vs. batch jobs, number of manual interventions, and time-to-resolution for integration issues
- Design for sunsetting: Treat every interim solution (e.g., file transfers, middleware bridges) as a temporary measure with a clear decommissioning plan
- Governance is what can transform hybrid integration from a reactive burden into a forward-looking capability. Without it, organizations risk falling into the trap of permanent interim solutions. In short, governance provides the guardrails that keep hybrid integration aligned with enterprise strategy, rather than drifting into fragmented, ad-hoc solutions.


### Final Word: From Tactical Patching to Strategic Design

Hybrid IT is not going away anytime soon. But its limitation, and the complexity it introduces, can be addressed through intentional architecture, measured governance, and organizational readiness.

Throughout this article, we have outlined how CIOs, IT leaders, and Enterprise Architects can transition from short-term fixes to long-term integration capability. But that transformation requires discipline.

Here's what leadership should prioritize:

- Design Hybrid Consciously:** Do not let integrations emerge by accident. Define integration principles early to avoid architectural sprawl
- Automate Where Possible:** APIs and event-driven models should be the default. Where APIs are unavailable, Robotic Process Automation (RPA) can serve as an interim tactic but should not become a permanent strategy
- Build for Extensibility:** Use tools and integration patterns that can evolve as systems mature. Avoid hardcoding today's constraints into tomorrow's infrastructure




#### iPaaS

**When to Use:**  
When integrating fast-changing SaaS platforms, or standardizing across apps

**Trade-offs**  
Subscription cost, vendor lock-in

**Examples**  
iPaaS was used to rapidly integrate CRM, HR, and collaboration tools across multiple business units. Instead of building custom APIs or scripts for each integration, iPaaS offered pre-built connectors and a visual workflow builder to configure data mappings, apply business rules, and monitor errors in one place.




#### Event Driven Architecture

**When to Use:**  
For real-time updates across distributed systems and low-latency alerts

**Trade-offs**  
Higher initial complexity, requires orchestration and event management

**Examples**  
An ERP system was configured to prompt "business events" such as invoice approval or order shipment. These events triggered updates across reporting systems and customer service portals in near real time. This ensured all stakeholders had the latest data without any delays.



#### Layered Integration

**When to Use:**  
When bridging cloud and legacy ERP in hybrid states

**Trade-offs**  
Complex governance, requires robust API design and interface documentation

**Examples**  
In a hybrid setup, where a legacy ERP lacked APIs, a layered integration model used:  
(1) Data extraction layer that exported transactional data as files;  
(2) Integration layer using cloud-based services to transform, enrich, and validate that data;  
(3) Presentation layer for BI dashboards and reporting

- Support the "Long Tail":** Even low-volume, temporary, or one-off flows need design and monitoring. They often cause the highest operational overhead when neglected
- Centralize Monitoring and Ownership:** Create visibility across all integration layers – batch jobs, events, middleware – and assign clear operational responsibility
- Promote Reusability:** Standardize integration assets (e.g., reusable connectors, orchestration logic) across programs to reduce duplication and accelerate delivery
- Think End-to-End:** Integration is not only about moving data. Consider security, access management, governance, and lifecycle alignment from day one

Hybrid integration is no longer just an IT concern but a strategic enabler of digital transformation. The destination is not just technical connectivity, but a state where your architecture is adaptive, your operations are efficient, and your teams are empowered. That shift from patching to planning can be achieved with conscious design to build a foundation for scalable, secure, and resilient enterprise systems.



# Integrating AI into ERP Systems: Building the Foundation for Transformation

## Authors:



**Johan Valeur**  
Consultant

### The current landscape

AI is transforming the current business landscape at an accelerated rate with capabilities like predictive analysis, process automation, and real-time, data-driven insight. AI-powered tools provide great potential on their own but when combined with ERP systems they can create a truly transformative force for businesses at scale.

ERP systems provide the digital infrastructure needed to industrialize AI capabilities at scale, enabling organizations to implement AI across their organization – resulting in commercially powerful solutions that drive efficiency and growth.

However, AI implementation within ERP still faces challenges such as deeply established workflows, poor data quality and lack of expertise, causing bottlenecks for implementation in most large organizations. Despite these challenges, AI-powered ERP systems are already addressing these gaps. For instance, predictive analytics can enhance demand forecasting, enabling organizations to optimize inventory levels and avoid stockouts. Similarly, AI-driven automated invoice processing can streamline accounts payable, reducing manual errors and administrative burdens.

The road of AI implementation at scale requires infrastructure, standardized process, AI design and workforce empowerment. While proofs of concept (PoCs) don't require full maturity in these areas, scaling AI sustainably demands all above mentioned dimensions. Without addressing these – AI won't be able to scale and be a sustainable technology within large organizations.

For example, SAP has introduced its generative AI assistant Joule. This AI integrates across software environments to enhance processes like supply chain management and finance and exemplifies how AI can be embedded into ERP systems to drive comprehensive digital transformation.

### What is required to make this AI transformation?

The first step in this transformation is to overcome the mentioned initial challenges in implementing AI capabilities.

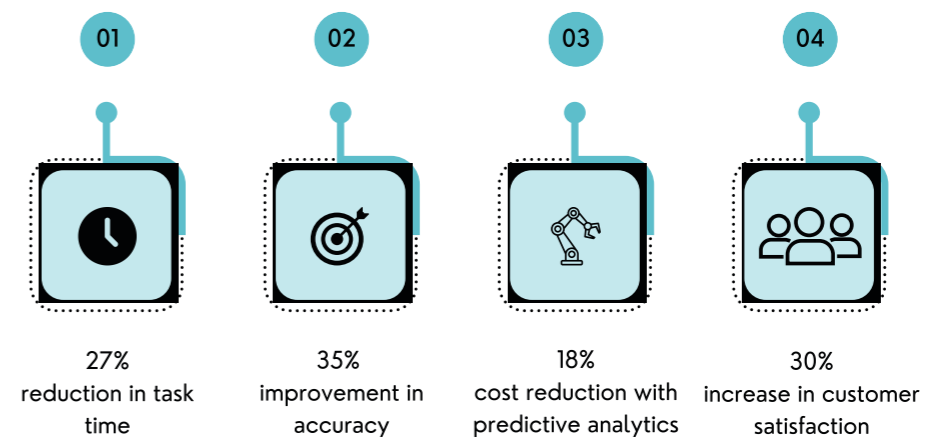
The first challenge is that existing processes are often deeply ingrained within the organization, making it difficult to restructure them to fit these new technological possibilities:

Integrating AI into established processes usually meets this type of challenge. Existing workflows may be deeply established, making it difficult to introduce new technologies without disrupting the old way of working – causing a need for a thorough approach to change management. Another challenge is the data quality. Poor data quality does not make it possible to feed the AI solution with the necessary inputs needed to enable its potential. The third main challenge is to find the right professionals and expertise within the AI area to solve some of the unique challenges that appear in such a project. Being able to bridge this AI-ERP skills gap is critical.





### AI-integrated ERP systems

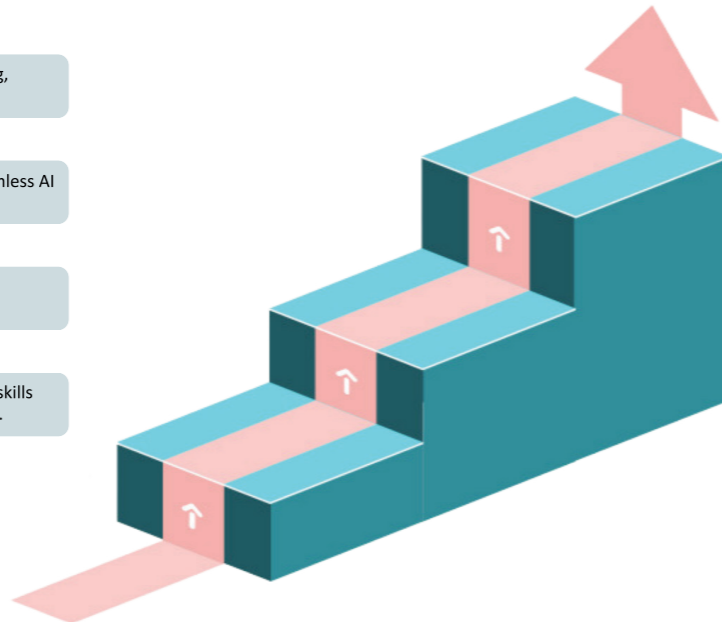
Today's traditional ERP systems can be used as a springboard for scaling AI solutions.

### Quantifying the Impact



## Prerequisites for AI Integration

-  Robust infrastructure for intensive computing, scalable storage and fast networks.
-  Standardized processes are essential for seamless AI operation across functions.
-  Design ERP systems with AI in mind from the start to avoid costly retrofitting.
-  Empowering the workforce with data and AI skills transforms operations into strategic insights.



How can organizations meet these challenges?

### a. Adopting a holistic approach

A holistic approach in this context would involve viewing processes not only as end-to-end but as connected rather than isolated tasks. This perspective encourages organizations to evaluate and improve the workflows themselves, not only separate tasks within the flows. To adopt a holistic approach in process design enables leveraging the most from AI capabilities. It's advantageous to rethink the processes, end-to-end, to avoid the approach of trying to put in pieces of a puzzle where they don't fit. By instead rethinking processes through an end-to-end perspective, the overall workflow can be designed effectively, leveraging AI capabilities and enhancing overall operational efficiency.

### b. Data quality from the start

The foundation of any successful AI integration lies in high-quality data. Ensuring data quality means that the information collected is accurate, relevant, and timely. Prioritizing data integrity from the beginning will help to set a solid foundation for AI applications.

Vital dimensions to consider is firstly the importance of clean data. Data must be free from errors, duplicates, and inconsistencies to ensure that AI algorithms can process it effectively. Dirty data can skew results, leading to misguided strategies and wasted resources. To achieve this, it is important with regular data cleansing routines—such as deduplication and standardization.

Furthermore, implementing strong data governance practices is essential for managing data. This includes defining roles and responsibilities for data management, establishing policies for data usage, and ensuring compliance with relevant regulations.

### c. Vital expertise

Integrating AI into established ERP systems requires professionals with specialized skills in both advanced technologies and business transformation. This presents a significant challenge as organizations often face skill gaps and difficulties in managing organizational change. Finding the right blend of both technical and business value understanding is essential for implementing AI technology with a high ROI – as up to 80% of AI initiatives fail.

#### Key takeaways

Integrating AI effectively into ERP systems ensures that organizations can move beyond isolated proofs of concept and truly scale their capabilities. By treating data with care, reimagining processes end-to-end, and bringing in the right expertise, companies can unlock sustainable growth and build a competitive edge for the future.

- End-to-end process thinking avoids fragmented solutions and drives efficiencies
- High-quality data and strong governance provide a solid foundation for AI
- Balancing technical skills with business acumen ensures that AI investments deliver lasting value



# Tech Powered Business Transformation

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And technology drives business forward.**

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**Maximize ROI from your tech investments**

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To stay competitive, businesses must continuously innovate and operate with optimal efficiency. At Opticos, we help organizations achieve these goals by designing fit-for-purpose operating models and applying best-practice frameworks that drive measurable outcomes. Our data-driven insights support impactful decision-making and long-term success.

# Resilient Global Supply Chains: A Strategic Focus for CIOs



## Authors:



**Göran Kördel**  
Senior Business Associate



**Therese Ribrant**  
Director

CIO Leadership in Turbulent Times: Strategies for Overcoming Global Trade Uncertainty and Supply Chain Challenges

### 1. Background

In a world defined by uncertainty, global supply chain resilience is no longer optional—it's a strategic imperative. As CIOs, your role in shaping the technological backbone of supply chains is critical to ensuring business continuity, operational efficiency, and competitive advantage. This ViewPoint highlights actionable insights into trends, challenges, and strategies tailored for CIOs to lead their organizations toward a resilient supply chain.

The global supply chain landscape has undergone seismic shifts, driven by several compounding factors:

- **Geopolitical Changes:** Rising tensions between major economies, such as U.S.-China relations, impact trade and supply routes.
- **War and Unrest:** Conflicts, including the Russia-Ukraine war, disrupt key supply chains and essential resource flows.

Another sign is that our dependency of China has increased over the years. In 2024, China was the third largest partner for EU exports of goods (8.3%) and the largest partner for EU imports of goods (21.3%). The trade deficit has tripled in the last 10 years. The most imported goods from China in value are telecom equipment and IT equipment. (Source: Eurostat).

Opticos CIO survey\* shows that more than 50% of CIOs in larger corporations consider three risks as dominating, i.e.

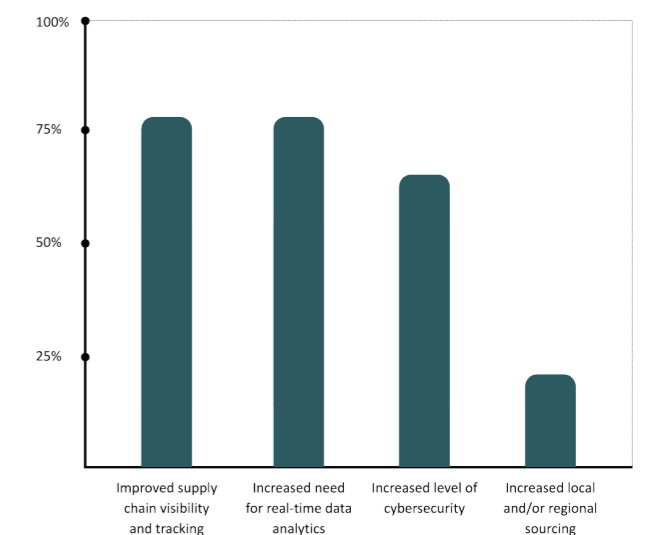
- Geopolitical tensions trade router and tariffs
- Regulatory changes impacting import/export policies

Cybersecurity threats targeting supply chain operations

### 2. Resilient Supply Chain

In the face of mounting uncertainties, the supply chain remains a critical focal point for organizational resilience. The ability to adapt and respond to disruptions requires both strategic foresight and technological innovation. CIOs play a vital role in empowering supply chain leaders to build flexibility and mitigate risks.

Business demands on IT indicated in Opticos CIO survey



Three out of four CIOs say that business requires improved visibility in the supply chain and increased need for real-time analytics data.

### Challenges for supply chain responsibility

Business operations have several challenges in managing and controlling their global supply chains given the current volatile market situation. Common challenges consist of areas such as:

- **Ensuring Control and Visibility** by establishing granular oversight across global supply chains to identify risks early.
- **Driving Diversification** by reducing dependencies on single regions, such as China, or single vendors, by cultivating multi-sourcing strategies.

- **Regulatory Impacts:** Stricter regulations around data sovereignty, trade policies, and environmental standards challenge global operations.
- **Cost Dynamics:** Rising inflation and volatile exchange rates place financial pressure on businesses worldwide.
- **Environmental Concerns:** Heightened emphasis on sustainability requires CIOs to align IT operations with green initiatives.
- **Technology shifts:** New technologies, such as automation, AI and block chain etc. enable new ways of execution.

These trends demand a rethinking of traditional supply chain models, placing CIOs at the centre of transformation efforts.

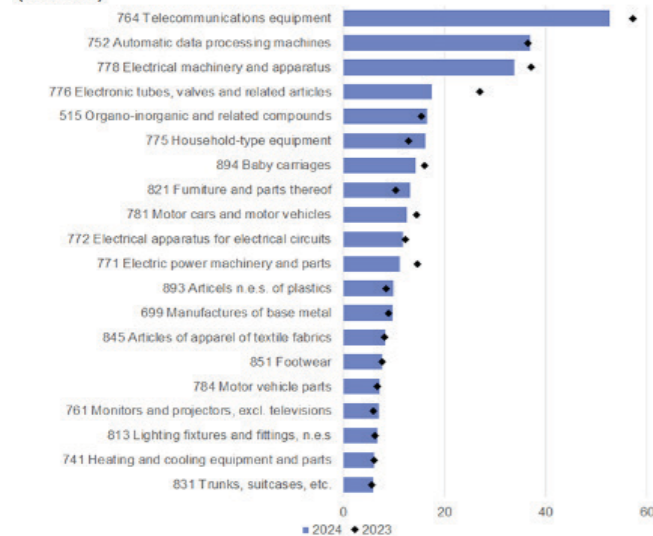
One example of the above is that global economic policy uncertainty has increased dramatically (Source: www.policyuncertainty.com). Uncertainties in US trade policies have skyrocketed during first half of 2025.

- Increasing Flexibility by building adaptable value-chains to respond to unpredictable disturbances.
- Provide Proactive Planning by preparing contingency frameworks for events like natural disasters, pandemics, and policy changes.

As a result, business operations put demands on IT to support them in meeting these challenges. IT Organisations most commonly responds with providing:

- Improved Supply Chain Monitoring: Using advanced analytics tools to forecast demand, monitor supplier reliability, and optimize workflows.
- Increased Cybersecurity: Protecting interconnected supply chain systems from escalating cyber threats.
- Support in achieving Regulatory Compliance: Ensuring alignment with diverse regional laws around data protection and trade.
- Introduction of “Right-fitted” Emerging Technologies: Investing in IoT, blockchain, and AI-driven tools for real-time tracking, risk assessment, and operational efficiency.

**EU most imported goods from China, 2024**  
(€ billion)



Source: Eurostat (online data code: DS-059331)



Beside demand from business, IT has its own supply chain challenges. A substantial part of IT hardware, such as laptops, mobile phones etc. are produced in China. Five of six of the major cloud providers (so called Hyper-scalers) are American and one is Chinese.

These challenges affect the supply strategy for IT equipment suppliers. One Nordic example is the access switch producer Waystream who move their production from China to Lund in Sweden. The reasons behind are demands from European customers and to reduce CO2 footprint. (Source: Radar 23 April 2025).

### Conclusion

Resilient supply chains depend on a synergistic approach between operational strategies and technological

solutions. CIOs must drive the adoption of innovations to enable real-time visibility, risk mitigation, and sustainable performance across dynamic global networks.

## 3. CIO Actions

### 1. Value Driven Transitions

Organizations increasingly demand enhancements from day one rather than “as-is” service transfers. Leveraging automation, AI-driven solutions, and agile practices ensures improved efficiency and faster value realization.

### 2. Sustainable and Ethical Considerations

Sustainability is becoming a key factor in supplier selection. Organizations are incorporating environmental, social, and governance (ESG) criteria, green IT strategies, and carbon-neutral goals into their transition planning and vendor evaluations.

### 3. Supplier Diversification Strategies

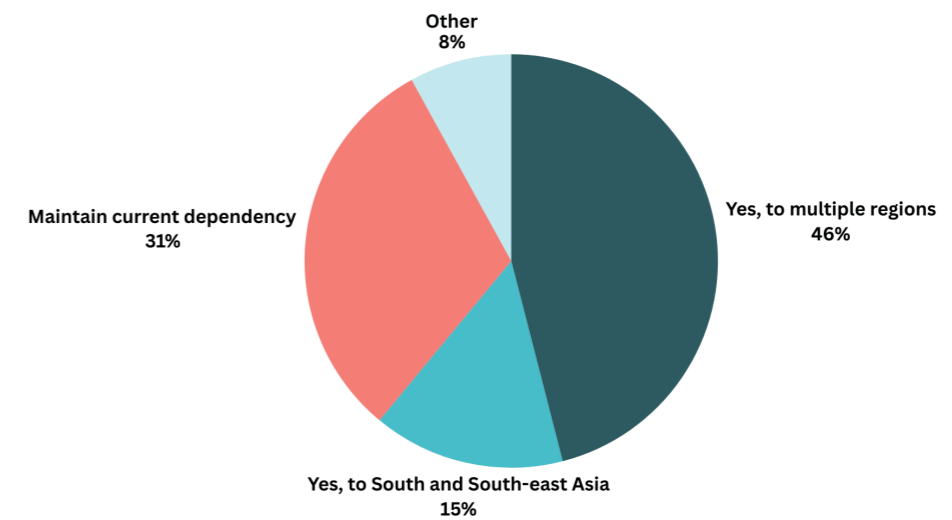
Three out of four CIOs say\* that they will diversify supply chain regions and use multi-sourcing to mitigate risks associated with global trade.

Our survey highlighted that CIOs are increasingly moving away from fragmented ERP setups and are instead leaning towards global and hybrid strategies that balance standardization with flexibility. Supply chain diversification is also high on the agenda, with many organizations actively reducing over-reliance on China by expanding into multiple regions, especially across Asia. To address risks from ongoing global trade shifts, CIOs are prioritizing resilience through multi-sourcing and regional diversification, while also strengthening supplier partnerships and investing in technology to build more adaptive and future-ready operations.

When asking about China specifically, strategies vary. The answer in Opticos CIO Survey\* on the question “Are you considering diversifying your supply chain away from China?” can be seen in the next page..

Regarding policy on storing and sharing information in different regions, 69% of the CIOs in Opticos CIO Survey\* say that they have policies to comply with regulations (e.g., GDPR) only, while 23% say they have restrictions on storing sensitive information in some regions (e.g., China).

As the backbone of organizational agility, CIOs must lead with adaptability in the face of uncertainty. Their actions not only define IT strategy but also ensure the alignment of technology with broader business goals and resilience imperatives. There are three types of actions. We here list some examples.



### a) Supporting the Business

- Data & Analytics: Leveraging big data and AI for predictive insights and smarter decision-making.
- Technology Integration: Leading ERP and PLM strategy implementation to unify and streamline supply chain processes.
- Risk Management Tools: Deploying solutions that assess, manage, and mitigate risks dynamically.

### b) Global/Regional/Local Sourcing

- Hardware and Solutions Procurement: Navigating sourcing strategies to ensure reliable IT infrastructure delivery.
- Information Storage: Strategizing on cloud versus localized storage options in compliance with regional policies.
- License Governance: Managing licensing frameworks to ensure cost-efficiency and legal adherence.

### c) Resilience for Interruptions

- Partnerships: Strengthening collaborations with technology partners for faster adaptation to disruptions.
- Sourcing Alternatives: Exploring diversified vendor options across regions.
- Continuity Planning: Implementing robust business continuity frameworks to safeguard IT and supply chain functions.

### Conclusion

Through strategic leadership and innovative thinking, CIOs are positioned to address supply chain vulnerabilities while enabling business continuity and operational excellence. Their ability to balance global sourcing with localized resilience strategies will determine success in the new era of trade and uncertainty.

## 4. Recommendations

Recommendations for CIOs reflect the lessons learned and opportunities identified throughout this ViewPoint report. By adopting proactive strategies and leveraging technology, CIOs can transform challenges into drivers of competitive advantage.

### Recommendations for the CIO

Analyse your supply chain to understand risks and dependencies. Use scenario planning to prepare risk mitigating actions.  
 Diversify IT Sourcing by balancing global reach with regional considerations in your IT delivery models.  
 Build Resilience by developing partnerships with suppliers while ensuring IT systems can handle interruptions.  
 Enhance Data Analytics capabilities to drive informed decision-making and uncover actionable insights across the supply chain.  
 Foster Collaboration and engage cross-functional teams to integrate IT solutions seamlessly into supply chain operations.  
 Establish cooperation with other Nordic or European industries to develop solutions for delivery of IT in challenging countries.  
 In navigating this transformative landscape, CIOs must embrace their role as change leaders. By combining resilience, innovation, and adaptability, they can position their organizations to thrive in the face of global uncertainties.

\* Opticos CIO Survey was conducted in Q2 among CIOs in Swedish international manufacturing companies.



# *The Future State of Procurement Organisation: Transition into a Strategic Advisory Function*

## Authors:



**Mattias Johansson**  
Senior Consultant

Procurement departments are transforming their organization in response to emerging external impact factors in recent years, coupled with internal pressures from stakeholders and customers. Primary impact factors are geopolitically, socioeconomically, and macroeconomically, including prospective regulations, technological advancements, sustainability imperatives, evolving customer requirements, and digitalisation trends.

Moreover, organizations are increasingly relying on Procurement for strategic advice and guidance to navigate the complexities of the evolving external impact factors. The procurement function develops into a strategic advisory role, encompassing the acquisition of new technologies and partnerships, adaptation to organizational wide regulations, and the enhancement of strategic capabilities through organizational growth as well as mergers and acquisitions (M&A).

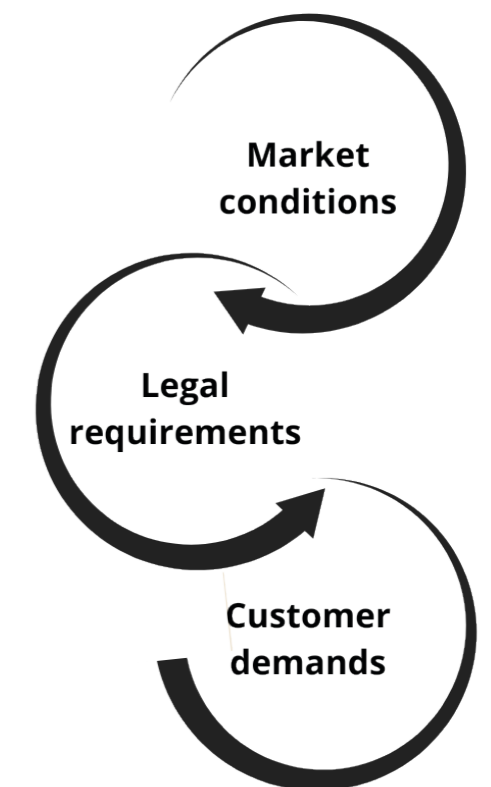
Furthermore, global Procurement departments drive organization-wide advisory dialogues on strategic targets such as central vs local sourcing decisions as well as offshoring vs. nearshoring of operations to enable closer operations of supply chain and to limit sustainability impact of supplier chain.

The Procurement organizations' way of working has also evolved as their work becomes more highly impacted by uncertainties and global risks. Uncertainties and flexibility towards global impact factors make business evaluations and fast adoption of business plans a key in the current business environment. Procurement leaders and employees need faster embrace new digital technology to become more effective, such as proactive supplier risk management solutions. The mindset of being a networker to collaborate with internal stakeholders and suppliers will strengthen the way of working with changing circumstances and new pre-requisites. Procurement leaders will need to advise on guidelines for overall processes, determine roles and responsibilities and policies for regulatory new areas. The way of working could change into empowerment of strategic procurement advisory functions to be able to cooperate with all changes and uncertainties at larger companies.

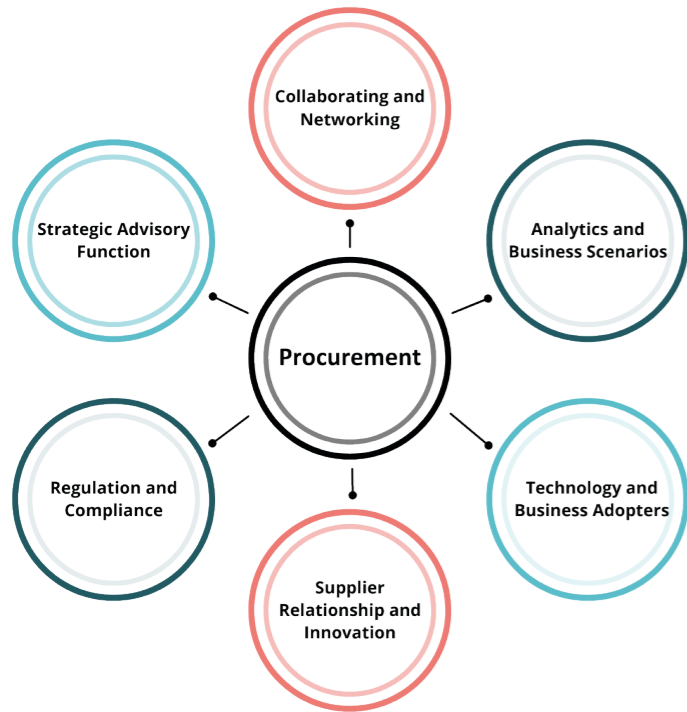
This initial article, drawn on Opticos' expertise, will examine and exemplify the major impact factors influencing the role of Procurement. The subsequent article will explore the essential capabilities required to transition into a strategic procurement function.

## **Geopolitical, Socioeconomic and Macroeconomic Impact Factor: Planning for uncertainties and new ways of working**

In recent years, the business environment has been associated with volatile economic conditions, geopolitical tensions, natural disasters, and global pandemics, which heavily disrupt global organizations and supply chain operations. The challenge for Procurement will be to ensure a stable risk management process and guiding the organization in strategic advisory dialogues. The risk management approach involves conducting assessments encompassing financial, new innovations, geopolitical impacts, and supply chain considerations for all suppliers and their sub-suppliers to ensure stable operations and managing daily uncertainties.



The positives of global networks, stable operations and digitalization will further enable Procurement to promote the value of moving beyond a transactional way of working. Strategic supplier relationships require effective supplier collaboration and communication, which can drive innovation and foster optimal outcomes for both parties during volatile macroeconomic conditions. Through stable risk management process based on technology and strategic relationships Procurement can bring hard facts to the decision-making forums.



**Future Regulations, Digitalization and Technical Break Point: Building Strategic Vision and Business Insights**

The procurement function has gained more mandate and strategic advisory post-covid as of the crisis management need for strengthening M&A processes, rapidly changing organizational targets, and increased technology initiatives. During the macroeconomic volatility as well as new regulatory demands Procurement has established itself in a unique position as the bridge between the internal organization and external environment. This bridge within the company must quickly manage the cross-functional collaboration to investigate usage of new technology (internal and external), provide insights into policies on new regulations, investigating business benefits for the organization to enable strategic vision for the organization.

Digitalization of procurement processes is vital for building trust of fact-based decisions towards business insights. The growth in data management and its extract of key insights on base data for procurement are vital today as technologies for contract management, purchase to pay, and supplier relationship management are well mature technologies. The systematization of these processes into touchless automated purchase-to-pay, smart contracts, and supplier assessment for sustainability will be considerable for effective procurement organization. Adopting new technologies and automation play a key role in building and ensuring stable operations. Predictive intelligence can empower organizations to enhance resilience in the face of disruptions and enable Procurement to proactively identify alternative sources for business.

“Strategic sourcing is becoming more predictive, transactional procurement is becoming more automated, and supplier relationship management is becoming more crucial.” – Marie Lund, Head of Sourcing & Procurement at Opticos

This unique position requires Procurement to deliver more market intelligence reports, engage on supplier consolidations and drive digitalization programs as well as organizational-wide regulatory data reporting. The availability of data and advanced analytics has transformed procurement into a data-driven function.

Procurement needs to quickly adapt to future legislations within sustainability, digital/technical product evolution and truly understand the impact in new business scenarios by establishing value beyond cost focus. New business scenarios will set new category management approaches allowing for tailoring the supplier strategies to be flexible and adopted. Some categories are experiencing downward product or service cost pressures, and fewer regulatory incentives, while other categories are facing tougher supply constraints and the high impact of regulatory legislations.

**Customer Requirements and continuous improvement: Embedding Sustainability into Procurement**

Customer demands drive increased requirements of embedding sustainability into Companies’ operation. Sustainability is today an integral part of Pro-

**Customer Requirements and continuous improvement: Embedding Sustainability into Procurement**

Customer demands drive increased requirements of embedding sustainability into Companies’ operation. Sustainability is today an integral part of Procurement ways of working, with the latest EU Green Deal, many initiatives steer organizations towards increased sustainability efforts. Procurement needs to drive with both internal and external processes to ensure transparency into supply chain operations and to comply with sustainability regulations. Furthermore, Procurement is often responsible by executive management to lead implementation of processes, follow up suppliers’ compliance as well as maintain supplier communication to align on reporting of sustainability efforts and targets. Incorporating new regulations will be part of continuous improvement work for procurement organizations.

Organizations are today, more than ever, under pressure from customers to also deliver a high degree of service simplicity as well as sustainable products. Procurement’s internal activities range from streamlining processes by automating manual tasks to become more effective, to utilizing analytics for identifying trends, developing sourcing strategies and managing supply chain visibility and resilience.

Digitalization and availability of data has opened several new ways of working and taking care of rote procurement activities, leaving procurement teams with the more strategic and value-adding activities. Procurement must continue to capitalize of being a data-driven organization to empower as an advisory function that make informed decisions, ensuring sustainable supply chain, and long-term high-quality products/ services by continuous improvement.

**Summary**

The pace of change in the business landscape is never ending and to remain effective Procurement needs to commit to continuous learning and improvement. Organizations that excel in these areas can position themselves as strategic drivers of business success and contribute beyond cost savings by enhancing supplier relationships, mitigate risks, and support sustainability goals. An Autonomous Procurement way of working seems to be the next step in our digitalization, and it is probably some technological changes away. In our next article, we will present the future Procurement Capabilities to ensure a competitive edge in the dynamic world of modern business. Stay tuned for the next release.





# Predictable Manufacturing is the Foundation for Competitive and Resilient Operations

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### Why predictability matters in manufacturing?

The pressure has increased on manufacturing companies to control costs, deliver consistent quality, and respond rapidly to change given the current market situation. Predictable manufacturing enables organisations to anticipate and resolve issues before they arise, driving operational efficiency, cost reduction, and improved product quality. This article explores the pillars of predictable manufacturing, critical success factors, typical challenges, and two use cases, concluding with the path forward for transformation.

## The pillars of predictable manufacturing

Through predictable manufacturing business operations become plannable, fluctuations reduced, and a levelled supply chain enabled. By establishing stable manufacturing processes and ensuring supply chain stability, organisations can proactively address variability and drive consistent performance. The principles of process standardisation are not exclusive to large enterprises; they can be applied across companies of all sizes. Although the impact can vary depending on scale and complexity, small organisations can also adopt relevant elements to improve predictability and operational efficiency.

Stabilising manufacturing processes is crucial for achieving predictable manufacturing outcomes. This involves establishing robust, standardised operations that mitigate fluctuating production levels and ensure steady output. Organisations can maintain high quality standards and significantly reduce defects by establishing well-defined, repeatable workflows. Furthermore, optimising resource utilisation, reducing waste, and minimising downtime are all factors that contribute to lower manufacturing costs and more reliable operations.

Equally important to stabilising manufacturing is ensuring supply chain stability. This requires implementing reliable supply chain practises that help mitigate disruptions and guarantee the timely delivery of materials. By synchronising the supply chain with manufacturing processes, organisations can avoid stagnation and maintain a steady uninterrupted production flow.

Key improvement areas are

- Supply Chain Efficiency – Streamlining material flow and minimising disruptions
- Production stability – Avoiding stagnation and fluctuation in output
- Smart manufacturing – Leveraging digital tools and automation
- AI & data analytics – Using data-driven insights for proactive decision-making

The result? Enhanced efficiency, lower costs, and higher product quality.

## Typical challenges in manufacturing

Many organisations struggle with common obstacles that affect efficiency, agility, and profitability negatively, such as inconsistent production, unreliable supply chains, high production costs, lack of visibility, inflexible operations, and high lead times. Fluctuating production levels can lead to inefficiencies, excess inventory, or stockouts. Disruptions in the supply chain, such as delays in material deliveries or unexpected shortages, can hinder production schedules and create uncertainty. Variability in production processes often results in increased costs due to low utilisation, waste, rework, or overtime expenses. Limited visibility into operations, inventory, or demand forecasts can hinder effective decision-making, market conditions, or regulatory requirements, while lengthy lead times from order to delivery can result in customer dissatisfaction and lost sales opportunities.

**The Opticos toolbox: Enablers of predictability**

Opticos brings a proven set of tools and methods to help clients achieve predictability.

- Data & Analytics – Foundation for transparency and informed decisions
- Supplier footprint strategy – Strategic sourcing to increase resilience
- On-time delivery planning – Ensuring materials and products arrive as needed
- Packaging strategies – Optimising logistics and reducing waste
- Cyclic & standardised work – Creating repeatable, reliable processes
- Order by box & Heijunka planning – Smoothing production flow and levelling workloads

**Critical success factors for resilient & competitive manufacturing**

To build resilient and competitive manufacturing capabilities, organisations should prioritise several critical success factors. Standardised workflows are essential to enable seamless collaboration between humans and machines. Stable production plans provide the consistency needed as a foundation for continuous improvement. Predictable supply chain management helps minimise disruptions and reduce uncertainty across operations. Strategic supplier management plays a vital role in building reliability and resilience throughout the value chain. Finally, continuous improvement should be driven by proven methodologies such as Takt time, Heijunka, Kanban and Kaizen, which help align production with demand, enhance efficiency, and improve overall quality.

**Use case 1: Global manufacturing company transformation**

A global manufacturing client partnered with Opticos to increase flow efficiency, streamline operations, raise skill levels for predictable manufacturing, and challenge resource efficiency.

Opticos approach can be seen in the figure below.

This approach resulted in a clear analysis of the client’s current state and a well-defined roadmap for future improvements. The team established a comprehensive resource and occupancy plan, providing a solid foundation for ongoing operations. Most importantly, the collaboration delivered actionable steps that enabled the client to move confidently towards predictable manufacturing.

**Use case 2: From reactive to predictable production**

A packing manufacturing client struggled to follow its production plan, frequently interrupting ongoing orders to meet urgent customer demands for other products. This resulted in inefficiencies, increased lead times, and strained internal coordination due to their reactive way of working.

Opticos approached the situation by introducing a three-week sequence planning mode, shifting from order-driven scheduling to pattern-based forecasting using historical customer demand. Key interventions included standardised batch sizes with safety stock, halved changeover times, reduced batch sizes by 50%, and visual Real Time Management (RTM). We also launched standardised work routines and trained teams in relevant methods and tools.

The client achieved smoother production flow, lower inventory levels, and improved resource utilisation. The new planning model enabled more predictable operations and created the conditions for reduced staffing needs and scalable performance. The principles of standardised work and visualisation are universally applicable across manufacturing environments when they are tailored to their context.

**Conclusion: The path forward**

Predictable manufacturing is not just a technical upgrade; it is strategically essential for resilience and competitiveness. Organisations should assess their current maturity, adopt proven tools and methodologies, and commit to continuous improvement.

Engage with us to discuss your predictable manufacturing goals and start your transformation journey.





*The Future State of Procurement: Part 2*

# *Ensuring a Competitive Edge in the Dynamic World of Modern Business*

**Authors:**



**Mattias Johansson**  
Senior Consultant

At Opticos, we firmly believe that effective Procurement teams need a diverse set of skills and competencies to manage the complexities of the supply chain, strategic procurement assignments, sustainability requirements, and fast digital adoption. Drawing from our collective experience and insights from our Procurement networks, we have identified four themes of Future Procurement Capabilities:

- Competency
- Personality profile
- Ways of Working
- Solution Support

In this article, we will explore the evolving role of the Procurement team, and the capabilities required to manage global uncertainties and new requirements. We emphasize innovation, agility, and supplier relationship management as key factors for exceeding strategic advisory roles.

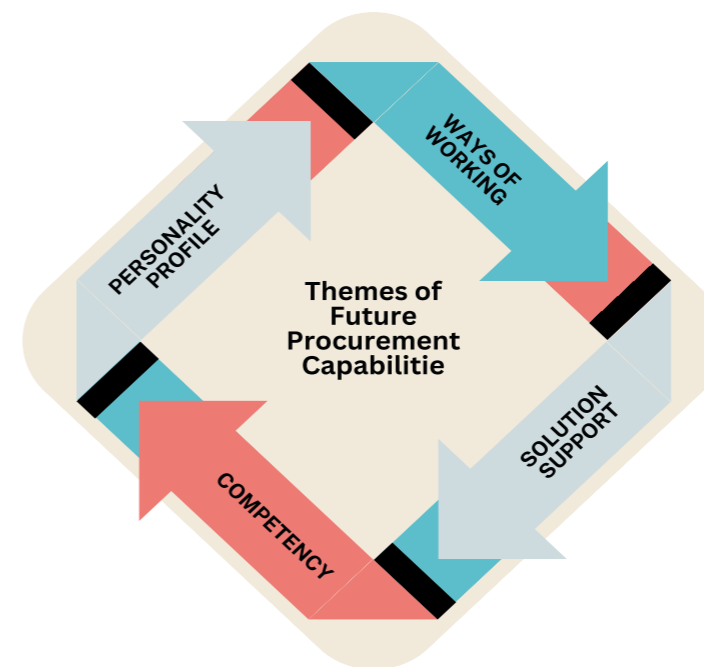
**Procurement ways of working and fast solution adoption**

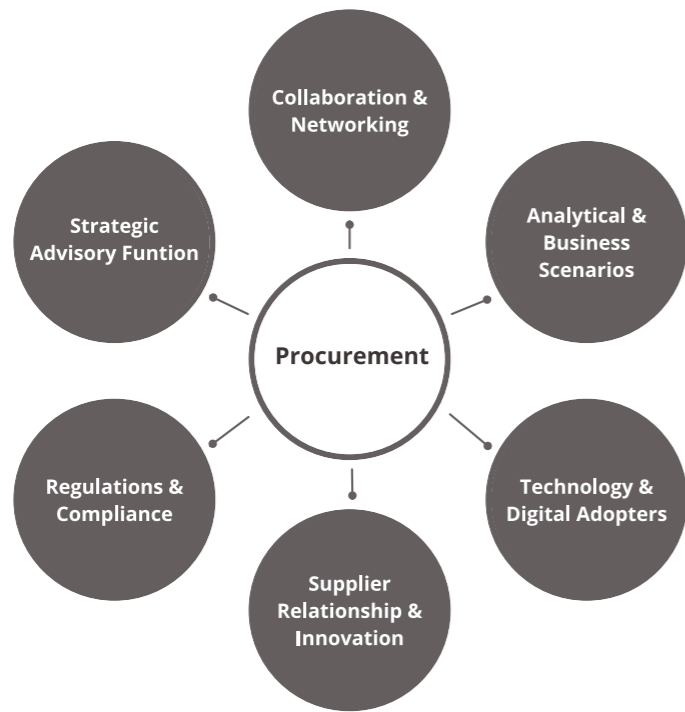
As highlighted in our first article, part one, we have explored new ways of working and fast adoption for Procurement solutions. Today, organizations are increasingly confronted with daily challenges such as macroeconomic factors, intensified customer expectations, and technological advancements. At Opticos, we recognize that Procurement holds a unique position with in-depth knowledge of both external and internal stakeholders, and to fully leverage this knowledge and advance towards strategic advisors, Procurement must adapt their ways of working rapidly.

Based on our collective experience and customer insights, Procurement professionals need to assume leadership roles to capitalize on their unique position. Actively seeking collaboration and cross-functional initiatives that will ensure responsibility and accountability across the organization. It will be especially important as market conditions remain dynamic and the prerequisites of suppliers, competitors, and partners are constantly evolving.

Additionally, as suppliers are shifting business and delivery models, Procurement leadership must cultivate a curiosity allowing procurement professionals to understand the impact and consequences on business. Maintaining flexibility and agility through extensive scenario planning is crucial to ensure Procurement can guide the organization through strategic advisory roles.

In our client experiences, Opticos have observed an increased role for Procurement in managing compliance and regulatory policies (AI, Data Management and Sustainability). This will need a strong collaboration approach through cross-functional teams to review, investigate and establish compliance policies and procedures to become compliant from authorities. An essential aspect of ensuring compliance is delegating responsibility as well as ownership within the organization. Procurement could distribute responsibilities across the organization by defining authority for both central and local procurement. For multinational organizations, many technological and sustainability regulations will require local responsibility thus empowering local procurement to act on these local regulations can help the organization navigate dynamic business environments effectively.





Further, connected to Procurement ways of working, it is important to embrace digital and technical advancements to move away from outdated and manual processes. Leaders in digital/technical embracement for Procurement need to focus on fast automation and digitalization of processes to reduce transactional work. At Opticos we have supported many organizations successfully reduce transactional work through digital tools enabling Procurement to further focus on strengthening strategic capabilities and partnership with suppliers.

Digital tools can also act as cornerstones for Procurement in delivering business value and support executive management with fact-based analytics and business decisions. To unlock the true value for Procurement the digital solution support will preferably be an automated and scalable allowing; procurement overall summary, supplier information and category management.

From Opticos experience, combining the above solution with smart contract management solution will yield a faster sourcing turnaround and ensure improved compliance targets. This will allow Procurement to work proactively ensuring the organization is prepared for ever-changing macroeconomic and geopolitical uncertainties.

### Procurement Competencies

In Opticos' collaborations in our Procurement Networks and client dialogues, we have observed that Procurement leaders have increased their mandate and influence in the organization in recent years. We firmly believe this is driven by increased business and fact-based competencies to deliver strategic and valuable insights during market uncertainties such as the pandemic, inflation, and supply chain complications. Procurement is today uniquely positioned as a trusted strategic advisory organisation to executive management in delivering business value beyond traditional procurement activities such as cost savings and supplier task force activities.

It is important to maintain and sustain the strategic advisory roles to executive management for Procurement leaders. Key activities could be to establish and nurture robust stakeholder relationships, as well as deepening knowledge of suppliers, customers and products. Profound market capability is essential to be able to guide the organization on future regulations, on market trends, and knowledge share towards strategic and value-adding activities.

“In today’s dynamic business environment, the future of procurement capabilities will depend on a diverse set of skills and an emphasis on adaptable business scenarios. Procurement leaders must inspire and encourage procurement professionals to continuously enhance their skills, engage in horizontal networking and stay curious for new business scenarios. The organization will by this approach attract and retain talents for long term commitment.”

**Fredrik Jönsson**

Vice President of Electromobility & Electronics Purchasing at Volvo Penta states

To ensure the everlasting development of new competencies, we at Opticos believe Procurement leaders need to focus on promoting, attracting and retaining talent, due to scarce resources in the employer market today. By allowing Procurement professionals to act as strategic advisors and embrace change management initiatives, these professionals will guide the organization in matters like early adopting new innovations and technology. This approach will create numerous opportunities for personal growth and foster a willingness to remain within the organization.

### Procurement Personality Profiles

In the end, the personality profile and mindset of Procurement professionals, combined with their competencies, are crucial for ensuring a seamless transition into the next generation of Procurement leaders. A successful procurement professional needs to be both strategic and forward-thinking, while maintaining a curiosity for new market trends and business models presented by strategic suppliers, stakeholders, executives. This curiosity enables the identification and adaptation to new business scenarios, moving away from outdated supplier business models. The analytical and data driven mindset will bring expectations and accountability. Our participants in our Chief Procurement Network anticipate that the responsibility and accountability of Procurement has increased and will continue to increase in the coming years, particularly as they address new organizational initiatives such as AI and

ESG.

Furthermore, a critical skill is the ability to collaborate with both external and internal stakeholders and network with strategic partners. Successful procurement organizations, through collaboration and networking, cultivate a storytelling and business value mindset, effectively presenting supply and market knowledge to executives.

In recent years, as this trend will continue to grow in importance, Procurement professionals must possess the ability to combine storytelling with data management and analytical skills. The decision-making process at organizational levels increasingly relies on data-driven information to build accountability and trust. Procurement could easily present business value for the company overall on extracts of the huge amount of data from supply chain information.

A final essential skill is embracing digital, product, and technology transformations. Procurement professionals must keep ahead of the latest developments in these areas to faster provide strategic advice to the organization. Falling behind on these developments and trends could result in Procurement losing its unique position as responsible advisor to management as well as the organizational struggling to build accountability.

“The Procurement organization must commit to the continuous development of professional skills to enhance overall business value. By adopting an agile and open-minded approach to self-development, Procurement will catch the latest trends shaping our future business.”

**Fredrik Jönsson**  
Vice President of Electromobility & Electronics Purchasing at Volvo Penta states

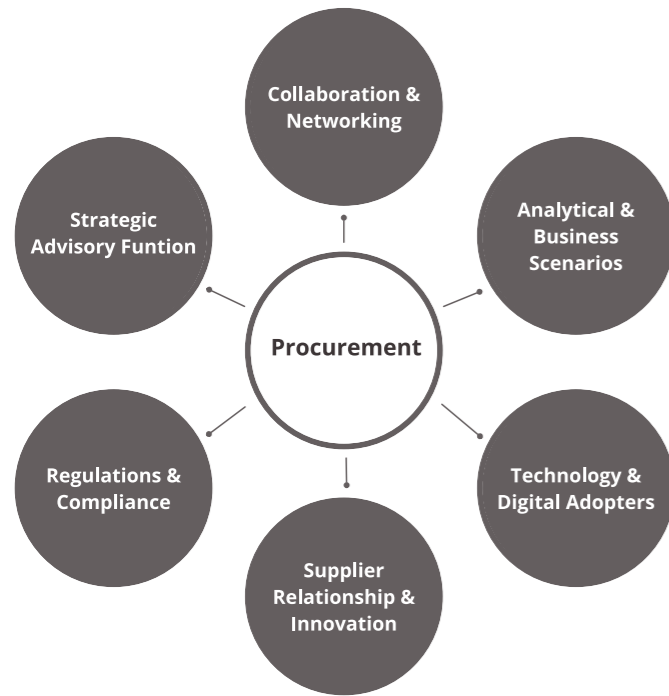


Figure 2: The modern strategic function of Procurement

**Summary**

Finally, Procurement’s role has expanded and evolved significantly in recent years, driven by its ability to provide strategic insights during market uncertainties like the pandemic, inflation, and supply chain issues. We believe that a successful procurement professional should be both strategic and forward-thinking, while maintaining a curiosity for market trends and business models. This curiosity enables the identification and adaptation to new innovations, moving away from previous business models in supplier chain.

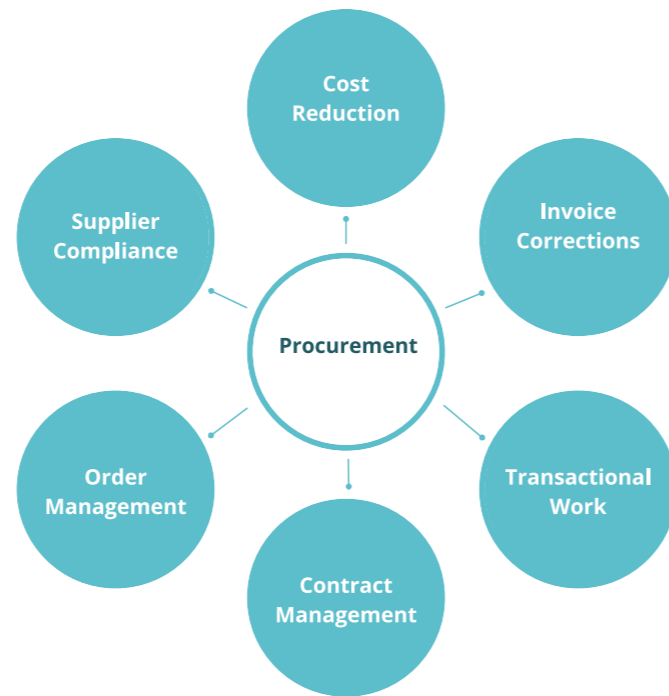


Figure 3: The reactive function of Procurement

Additionally, Procurement professionals must collaborate effectively with stakeholders and network with strategic partners, combining storytelling with data management and analytical skills. A strategic and analytical mindset also brings expectations, and our participants in our Procurement Network anticipate that the responsibility and accountability of Procurement will increase in the coming years, particularly as the organization will need to address key organizational initiatives related to AI innovations and sustainability requirements. It is a rapid development for all organizations and Procurement is not



# IT Effectiveness

**Your IT ambition. Powered by strategy. Designed for impact.**

- Optimize IT sourcing and vendor relationships
- Design and execute effective sourcing strategies
- Align enterprise platforms with core functions
- Accelerate digital innovation with CIO-level advisory
- Maximize value from large-scale IT transformations

## We develop fit-for-purpose IT Organizations

We know that your IT challenges are unique, so we don’t offer one-size-fits-all solutions. Instead, we work closely with you to develop strategies and operating models that address current needs and prepare for future growth. Our collaborative approach helps you build an IT function that is agile, efficient, and aligned with your business goals.



# Technology Value Leakage: Getting Control and Prepare Your Transformation

## Authors:



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Director



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As digital transformation accelerates, enterprises can no longer afford to treat IT as a siloed support function. Technology is now a strategic enabler – one that must deliver measurable business outcomes, drive innovation, and secure long-term competitive advantage. Yet despite growing IT budgets, many organizations still struggle to realize the full value of their technology investments.

A root cause? A lack of a shared, transparent baseline.

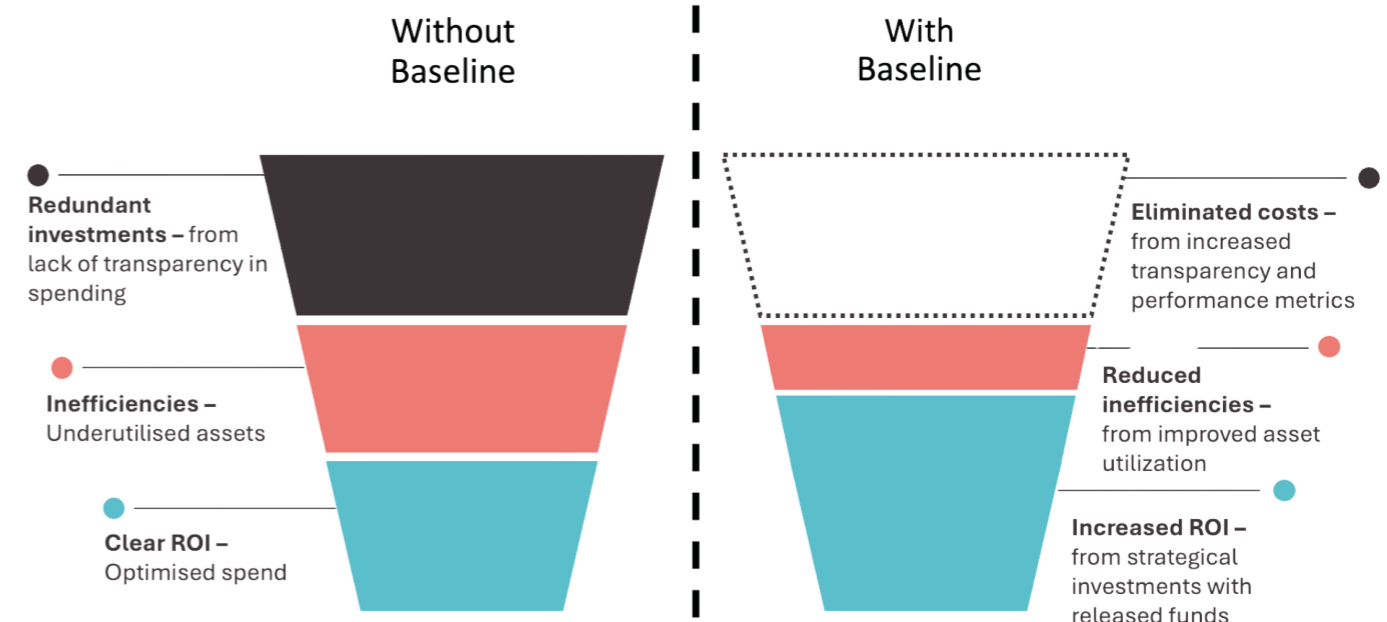
A baseline isn't just a list of technology expenses. It's a strategic tool – a shared view that helps the business understand where technology spend is going, what it's supporting, and how it's performing. When built properly, it becomes a living reference point that connects technology investments to business outcomes.

It helps leaders:

- **Spot overlaps and inefficiencies** – so they can reduce waste and improve utilization.
- **Link spend to impact** – making it easier to justify investments and redirect funds where they matter most.
- **Make faster, better decisions** – by breaking down silos and encouraging collaboration across teams.
- **Find hidden opportunities** – like contracts that can be renegotiated or tools that can be consolidated.

Based on our previous experiences, organizations have this kind of visibility. But in reality, they're working from disconnected data sources, trying to piece together a mosaic that often ends up being wrong. A well-built baseline changes that. It gives teams a common language, a clearer view, and a stronger foundation for transformation.

Without Baseline	With Baseline
Redundant investments	Clear ROI and optimized spend
Fragmented initiatives	Strategic reinvestment and measurable outcomes
Contractual blind spots	Proactive renegotiation and value capture
Siloed decision-making	Cross-functional alignment and agility



### Case in Point: 70M SEK in Twelve Months

Opticos recently partnered with a global manufacturing client to tackle this challenge head-on. By establishing a transparent baseline, the joint team identified and realized 70M SEK in run-rate savings within a year – exceeding top-down targets and creating headroom for new digital initiatives. Clear governance, vendor consolidation, and harmonized financial reporting ensured that the benefits were not only achieved but sustained. During the subsequent forecasting cycle, the client’s finance team uncovered additional bottom-up savings opportunities, underscoring the lasting impact of the baseline-driven approach.

### The Hidden Cost of Siloed Decision-Making

As an outcome to the business case creation, we found that you managed to bridge the gap of the silos that exists within the organizations. In many enterprises, Technology transformation is hindered not by strategy, but by structural fragmentation. Sourcing, IT, and finance often operate in silos, each managing their own view of spend, contracts, and priorities. This disjointed approach leads to value leakage – where costs are not understood from a value perspective and categorization of cost is blurry. Thus, transformation efforts fail to deliver their full potential, and leadership is left without a clear line of sight from investment to impact.

Here is where the Opticos’ pragmatic approach to value architecture comes in – a structured approach that connects scattered technology spend to enterprise-wide value creation. It empowers IT, sourcing, and finance to build together, using a shared logic: measure, maximize, and communicate business value.

### Establish the Baseline – Engage cross-functional stakeholders

So, what does it actually take to build and maintain a meaningful baseline? From our experience, a value-led approach requires the involvement from different disciplines; IT, Sourcing and Finance.

- **Inventory All Technology Spend** – Map all technology-related spend across business units, functions, and geographies, including hardware, software, cloud services, consulting, and support contracts.

- **Map Spend to Business Capabilities and Value** – Involve the business and link each spend item to the business process or capability it supports to reveal duplication, underutilization, and misalignment.
- **Clarify Technology Cost Allocation** – Identify the criticality of the business processes and capabilities across the two dimensions, runtime and new development.
- **Analyze Asset Utilization** – Evaluate how well existing tools and platforms are being used and identify idle licenses or overlapping tools.
- **Assess Contractual Commitments** – Review vendor contracts for lock-ins, renewal clauses, and performance metrics to identify value leakage.
- **Enhance existing Governance** – Redefine ownership, cadence, and accountability to keep the baseline current and actionable.

But a baseline is only as powerful as the insights it enables. To make it actionable, organizations should embed metrics and KPIs directly into the baseline. These measures go beyond cost categories and show how IT spend translates into business impact. Examples include:

- **Asset Utilization Rate** to reveal idle asset usage.
- **Redundant Spend Reduction** to track savings from tool consolidation.
- **Contract Compliance** to monitor vendor performance.
- **Business Capability Coverage** to ensure tech investments align with strategic priorities.
- **Decision-Making Speed** to measure supplier governance agility.
- **Value Realization Index** to link IT Supplier spend to outcomes like revenue growth or efficiency. These KPIs transform the baseline from a static financial snapshot into a dynamic performance framework. They define what “value” means, enable continuous optimization, expose inefficiencies, and create accountability across IT, Finance, and Sourcing.

### Conclusion

By building the baseline together, IT, sourcing and finance create a common language for value – one that enables smarter decisions, faster pivots, and more impactful outcomes. The baseline becomes the toolbox which equips the decision-makers with the right information for streamlining non-core business capabilities and processes, while simultaneously enable target future investments on high-value strategic initiatives.

### Food for Thought: Three Provocations for Leaders

- Is your IT baseline a strategic asset or a compliance checkbox?
- Are you measuring what matters or what’s easy?
- Are your teams collaborating or competing for budget?

### What’s next: From Baseline to Value Realization

This article is the first in a series exploring how enterprises can move from cost to value, and from fragmented transformation to sustained impact. The next articles in this series will dive deeper into:

- From Cost to Value: Fuel your Transformation – Use the baseline to drive cost takeout and reinvestment, creating a self-funding transformation engine.
- Technology Value Realisation: The Benefits of Transformation – Move to a target IT finance model that embeds healthy governance between IT, finance, and business, ensuring sustainable value capture.





## *Navigating Nearshoring: A Strategic Shift in Pro- duction*

### Authors:



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This article explores the growing shift toward nearshoring as a strategic response to global disruptions and rising geopolitical tensions. It highlights how nearshoring enhances supply chain resilience, operational agility, and sustainability, while also addressing common implementation challenges. The article concludes with a structured, five-step methodology for evaluating and selecting the right shoring strategy — grounded in data, scenario modelling, and alignment with strategic priorities.

### The Rise of Nearshoring in a Volatile Global Landscape

For decades, globalization and free trade have been key drivers of economic growth and resource efficiency. However, recent global disruptions have exposed the vulnerabilities of this approach, prompting companies to reassess their sourcing strategies. Events such as the COVID-19 pandemic and the Suez Canal blockage — both of which caused major disruptions to global trade — highlighted the fragility of long, complex supply chains. More recently, escalating geopolitical tensions, tariffs, and trade wars have intensified these challenges, leading many organizations to increasingly seek ways to build more resilient and responsive supply chains. One emerging solution is nearshoring — a strategic shift that brings production and sourcing closer to end markets. For example, multiple Swedish companies have pointed to regionalization — rather than globalization — as a strategy to mitigate risks. In this context, nearshoring is gaining traction as a compelling alternative for navigating the increasing complexity of today's geopolitical and economic landscape.

### Resilience and Cost: Core Drivers of the Nearshoring Shift

The need to strengthen resilience and ensure supply continuity has become a key driver behind many companies' shift from traditional offshoring to nearshoring. By diversifying production across nearshore locations, companies can shorten lead times and minimize the risk of disruptions inherent in complex supply chains. Nearshoring also increases agility and speed to market—enabling faster responses to shifting customer demands, market trends, and regulatory changes. For example, H&M states in its 2024 Annual Report that it is investing in supply chain flexibility and expanding nearshoring capacity to accelerate responsiveness to customer-driven trends. In addition, shorter transportation routes help lower carbon emissions, while geographic proximity allows for greater oversight of sustainable practices and labor conditions. These advantages align closely with today's growing consumer expectations for ethical and environmentally responsible operations. For companies, embedding sustainability into operations also reduces exposure to environmental risks — such as carbon taxes, energy price volatility, and climate-related disruptions — further reinforcing long-term resilience.

Beyond resilience, cost management also plays a pivotal role in the shift towards nearshoring. Traditionally, lower production costs have been a primary driver for outsourcing to low-wage countries overseas. However, wages in traditional offshore hubs like China have more than doubled over the past decade, reducing the incentives for maintaining production in these regions. At the same time, advancements in technology — such as advanced robotics, AI, and IoT — have enabled higher efficiency with fewer workers, making automated “smart factories” in nearshore regions a cost-competitive alternative to low-wage countries in Asia. A notable example is the German sportswear brand Adidas, which relocated part of its production from Thailand to Germany to be closer to its customers. Although labor costs in Germany were significantly higher, the shift was justified through gains in efficiency enabled by production automation. Furthermore, offshoring often entails hidden costs, including long shipping times, quality control issues, and currency fluctuations. By nearshoring production, companies can not only lower transportation costs but also achieve better oversight and communication, reducing costly defects and quality issues.

### Strategic Hurdles and Considerations

Despite the many advantages of relocating production closer to home, adopting a nearshoring strategy is not universally applicable and must be tailored to each company's context. According to the Bain Operations Executive Survey 2024, 80% of COOs plan to increase onshoring or nearshoring in the next three years, while only 2% of companies have fully implemented their onshoring or nearshoring strategies. Common barriers involve significant upfront and ongoing costs, infrastructure complexities, and limited supplier availability or talent pools in nearshore regions. This requires thorough strategic assessment in which companies must evaluate existing infrastructure, explore potential new sites, and review their broader ecosystem of suppliers, partners, and service providers. Regulatory differences between countries—such as labor laws, tax policies, and trade agreements—add further complexity, requiring detailed evaluation to prevent unexpected costs. While these challenges highlight the complexity of nearshoring decisions, they also underscore the importance of a structured, data-driven approach. Without a clear structure, organizations risk making reactive and fragmented decisions that fail to deliver long-term value.

### Evaluating and Selecting the Right Shoring Strategy

To address this need and guide shoring strategy decisions, Opticos applies a structured methodology grounded in deep expertise in sourcing and supply

chain strategy. This approach enables organizations to systematically evaluate trade-offs, simulate future scenarios, and align operational decisions with strategic priorities. The methodology comprises five key steps:

**1. Current State Assessment:** The first step is to establish a clear operational baseline by mapping the existing supplier and distribution network, locations, and operational flows in collaboration with key stakeholders. This includes evaluating parameters such as cost structure, inventory flow, fulfillment operations, delivery performance, and enabling technologies. It is equally important to identify current constraints and risk exposures. This comprehensive assessment ensures a shared understanding of the present setup and highlights critical pain points as well as opportunities for improvement.

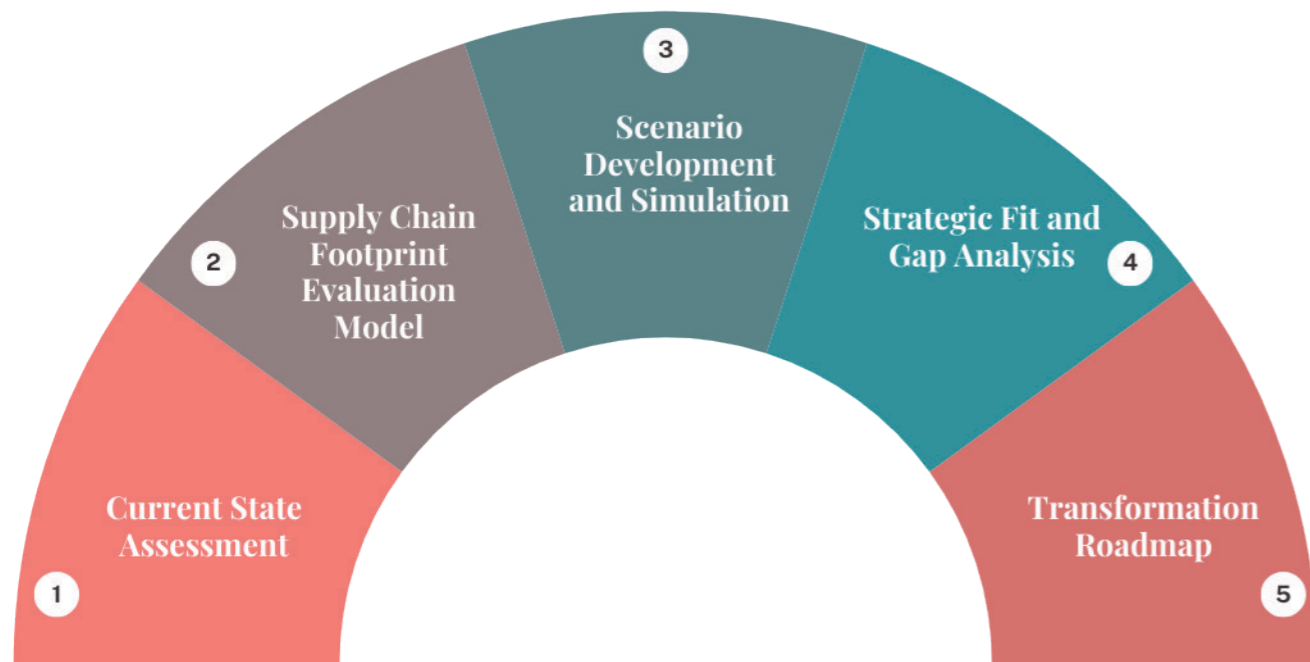
**2. Supply Chain Footprint Evaluation Model:** A tailored evaluation model is developed for the organization using relevant internal and external data. This model serves as the analytical foundation for testing and comparing strategic scenarios in subsequent steps. Typical evaluation dimensions include proximity to key consumer markets, transportation costs and lead times, labor costs and availability, returns logistics, and sustainability and regulatory compliance.

**3. Scenario Development and Simulation:** Multiple sourcing and distribution scenarios are developed and simulated based on selected variables. 'What-if' analyses are used to assess the impact of changing conditions or risks — such as rising tariffs or supply chain disruptions — on operations. These simulations can be further enriched with demand forecasts to evaluate how different markets and product categories may evolve over time.

**4. Strategic Fit and Gap Analysis:** Relevant scenarios are evaluated against defined criteria and strategic priorities to assess alignment with overarching business objectives. A structured gap analysis is also conducted to identify critical gaps between the current and optimal states. Ultimately, this step guides the selection of the shoring strategy that delivers the greatest operational and financial value — while also ensuring risk mitigation and enhanced resilience. In doing so, it empowers planners and decision-makers to make informed, resilient shoring choices.

**5. Transformation Roadmap:** Once the shoring strategy is selected, a high-level transformation roadmap can be developed. This plan outlines key decision milestones, phased implementation steps, risk mitigation measures, and investment and resource planning. The roadmap ensures alignment with the broader business strategy and provides a clear, actionable path from the current state to the desired future supply chain setup.

At Opticos, we help clients navigate complex environments and build future-ready organizations that are competitive, resilient, and sustainable. By combining deep industry insight with strategic execution, we empower leaders to make confident, informed decisions in times of uncertainty and change. From mitigating geopolitical risks to seizing new growth opportunities, we are a trusted advisor — supporting our clients in transforming risk into readiness, and readiness into strategic advantage.





# Enhancing Contract Management with AI: A New Era for Procurement

## Authors:



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**Daniela Jonsson**  
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## Introduction

In today's fast-paced business environment, the integration of AI into contract management is changing procurement processes. As organizations strive for efficiency and compliance, AI-enabled Contract Lifecycle Management (CLM) solutions are becoming crucial. Simultaneously, there is an emerge in new regulations stemming from the EU that organizations need to comply with. This article explores the impact of AI on contract management, highlighting key benefits and challenges and how it can help organizations become compliant with an ever-changing regulatory landscape.

## Driving procurement excellence: Contract management and digital transformation trends

AI-enabled CLM systems provide efficiency while raising important questions about implementation, value creation, and regulatory compliance. For businesses operating in the European Union, understanding these dimensions has become particularly crucial following the adoption of the EU's Artificial Intelligence Act.

Modern contract management is moving beyond traditional document repositories and approval workflows into intelligent systems that can understand, analyze, and extract value from contractual content. These AI-enabled tools are reshaping how organizations interact with and data mine their agreements throughout the entire lifecycle, helping organizations gain deeper insights and optimizing contract terms.

## Benefits: How an AI-based contract management solution supports procurement

AI-based contract lifecycle management solutions can help procurement solve several challenges. AI-powered CLM uses self-serve features that empower users to complete tasks independently. These capabilities streamline workflows, boost overall efficiency, and significantly increase the ease of use of CLM solutions.

Let us continue with two examples regarding the above challenges, starting with the first one: "Regulatory and compliance trends in procurement".

The Problem: Procurement teams are overwhelmed by the need to:

- Track and comply with evolving regulations across jurisdictions.
- Ensure supplier compliance with sustainability, data protection, and ethical sourcing standards.
- Maintain a defensible audit trail for all procurement decisions and contracts.
- Screen new suppliers for financial stability, ESG alignment, and regulatory risk.

## Where CLM Comes In:

### 1. Compliance and Risk Tracking with Automated Review




- The CLM system uses AI to flag clauses that may conflict with regulatory requirements (e.g., GDPR data handling, AI system risk classification under the EU AI Act).
- It automates risk scoring for contracts based on supplier location, industry, and past performance.

### 2. Audit Trail and Documentation

- Every contract version, approval, and negotiation step is logged, creating a full audit trail.
- This supports internal audits and external regulatory inspections, with examples being under DORA and NIS2.

### 3. Supplier and Partner Screening

- The CLM integrates with third-party risk databases to screen suppliers for financial health, sanctions, ESG scores, and human rights violations.
- It ensures that suppliers meet the due diligence requirements of CSDDD and sustainability mandates under CSRD and ESR.

Challenge	AI-Based Contract Lifecycle Management
 <p>Regulatory and compliance trends in procurement</p>	<ul style="list-style-type: none"> <li>Compliance and risk tracking with automated review</li> <li>Audit trail and documentation</li> <li>Supplier and partner screening</li> </ul>
 <p>Effectively managing contract management lifecycle</p>	<ul style="list-style-type: none"> <li>Analyse, review, renew and create contracts</li> <li>Contract storage, search &amp; deadline management</li> <li>Automated approval flow and E-sign</li> </ul>
 <p>Managing sensitive data and confidentiality</p>	<ul style="list-style-type: none"> <li>Version control</li> <li>Role-Based Access Control</li> <li>Anonymizing personal data and tagging sensitive data</li> </ul>

Continuing with the second challenge “Effectively managing contract management lifecycle” let us look at another example:

**The Problem:**

- Contracts are created and reviewed manually, leading to delays and inconsistent terms.
- There is no centralised repository, making it difficult to search for clauses or track renewal dates.
- Approval processes vary by region and are often delayed due to unclear responsibilities.
- E-signature adoption is inconsistent, slowing down execution.

**How a CLM System Solves This:**

**1. Analyse, Review, Renew, and Create Contracts**

- AI-powered clause libraries and templates enable fast, compliant contract creation.
- Intelligent review tools flag non-standard terms and suggest alternatives.
- Renewal alerts and dashboards ensure no contract lapses go unnoticed.
- Historical data is used to benchmark terms and optimise negotiations.
- Contract management and addendums can be tracked and version handled.

**2. Contract Storage, Search & Deadline Management**

- A centralised, searchable repository allows users to find contracts by keyword, clause, or metadata.
- Smart tagging and OCR make even scanned documents searchable.
- Deadline tracking with automated reminders ensures timely renewals and compliance checks.

**3. Automated Approval Flow, and E-sign**

- Role-based workflows route contracts to the right approvers based on contract type, value, or risk.
- Integrated e-signature tools (e.g. DocuSign) streamline execution and ensure auditability.
- Approval bottlenecks are flagged in real-time, enabling proactive resolution.

AI automation in CLM systems significantly reduces friction points in contract management, streamlining workflows and freeing valuable human resources for higher-value activities. Organizations implementing AI CLM systems report processing agreements up to 80% faster than traditional methods. This acceleration comes from automating routine tasks like data entry, compliance checks, and obligation monitoring, while also supporting faster approval processes through intelligent routing and notifications.

By reducing manual contract handling, organizations can recognize revenue faster while eliminating hidden costs associated with contract delays, non-compliance, and missed obligations.

AI transforms contract risk management from a reactive to a proactive discipline. Continuous monitoring of agreements for compliance issues and potential risks allows organizations to address problems before they escalate. At the same time, predictive analytics capabilities identify patterns across contract portfolios, enabling organizations to draw conclusions about issues arising in specific agreements to other similar contracts. This portfolio-wide approach to risk management provides a comprehensive view of contractual exposure and opportunities for standardization.

**Procurement Transformation in Contractual Aspects**

The EU regulations have two different impacts on a professional procurement organization’s contract management:

- Adhering to the AI Act for the CLM AI system itself, and
- Ensuring the contracts are fulfilling the legislations, such as ESPR, ESRS, CSRD, CSDD, and AI Act. These regulations demand rigorous compliance checks, comprehensive risk assessments, privacy laws, and adherence to shifting standards, which can be challenging to manage.

With regards to the European Union’s approach to AI regulation, it has significant implications for organizations implementing AI-powered contract management solutions. Understanding these requirements on the system itself is essential for compliance and risk management.

**The EU AI Act: A New Regulatory Framework**

On March 13, 2024, the European Parliament adopted the Artificial Intelligence Act, establishing the first comprehensive legal framework for regulating AI. This landmark legislation affects how AI technologies are developed, deployed, and managed across the European Union.

The AI Act takes a risk-based approach, with different requirements based on the perceived risk level of AI applications. CLM systems may fall into different risk categories depending on their specific functionality and application context. Simultaneously, as stated above CLM systems can be used to aid organizations in ensuring compliance with the new framework when procuring software and systems using AI.

**The use of Model Contractual Clauses in Your Contract Lifecycle Management system**

The European Commission has released an updated version of Model Contractual Clauses for AI Procurement (MCC-AI) to provide guidance for organizations navigating AI procurement under the EU AI Act. While initially designed for public-sector buyers, these clauses serve as a practical tool for any private organization meeting their legal obligations when providing or procuring AI systems.

The MCC-AI includes:

- A full version for high-risk AI systems
- A light version for non-high-risk AI systems
- Commentary explaining how to adapt and implement the clauses

Leveraging the MCC-AI can be particularly valuable when sourcing an AI-based Contract Lifecycle Management (CLM) system in itself, as these clauses provide a structured legal framework to ensure transparency, accountability, and compliance, thus making sure that compliance is followed when implementing the system itself.

**Strategic Value of MCC-AI Implementation**

The MCC-AI provides a valuable framework by establishing a common, minimum standard of obligations for both parties in procurement of AI-based systems. By incorporating these clauses into their CLM system, tailored to specific needs, contracts, and business contexts—organizations can:

- Streamline negotiations
- Reduce legal uncertainties
- Demonstrate regulatory readiness

This proactive approach is particularly beneficial in the evolving legal landscape where AI governance requirements continue to develop. By addressing potential risks and responsibilities early, companies position themselves advantageously in the market while minimizing compliance concerns.

**Addressing the roadmap to a successful contract management AI Solution adoption**

The success of AI-powered CLM systems depends significantly on user adoption, which drives substantial return on investment. When employees embrace these technologies, organizations realize several benefits:

- Improved team productivity with focus on higher-value tasks instead of manual contract processing.
- Enhanced collaboration and visibility through centralized access to contract information.
- Cost efficiency through automation of routine tasks and reduced labour costs.
- Cost avoidance through correct handling of terminations and renewals.



While we encourage organizations to further assess the need for and potential of AI-based CLM systems, it is evident that the market is becoming increasingly competitive. A growing number of emerging vendors are entering the space alongside established providers. Given this dynamic landscape, we anticipate a wave of consolidation over time as the market matures.

Anders Gullbrandson, Opticos AB



A great majority of procurement professionals participate in contract management through reviewing and drafting documents. AI-powered CLM systems free these professionals to focus on more strategic activities by automating routine aspects of their work. To reach the above benefits with a CLM system, it is important to overcome several roadblocks. Below we outline key strategies to overcome these roadblocks.

**Opticos' high-level step-by-step guide**

- **Setting a coherent procurement strategy for AI tools:** Procurement will add value to an organization by utilizing a CLM solution. Adopting a clear, coherent, and cross-functional strategy for Procurement on AI usage is vital to ensure the right solutions are selected for Procurement's output.
- **Current state analysis and establishing business process:** Defining business process flow, current state, and areas of improvement is essential. In parallel, alignment with stakeholders is necessary to understand inefficiencies, bottlenecks, and risks to strengthen the value of contract AI.
- **Evaluate Contract Lifecycle Management Providers:** Evaluate desired needs and outcomes and ensure integration options. Additionally, explore the proof of concept with providers and analyze providers' growth and financial viability.
- **Narrowing skills gap and building training program:** To manage and optimize the CLM solution, defining project management and specialized capabilities, as well as investing in training

programs and change agencies to increase acceptance and awareness are essential blocks.

- **Value – return on investment:** Given that the immaturity of AI solutions may not meet the full needs of procurement processes on current solutions, defining a, often customized, matrix for business value and return on investment is required.
- **Set criteria for procurement success by closing gaps:** Procurement involves handling vast amounts of data from suppliers, contracts, and transactions. Thus, set key indicators for success. This ensures that data is accurate, complete, and accessible for AI solution to reduce risks.
- **Change management:** Adopting change in procurement is necessary to mitigate regulations and compliance risks. Implementing AI in contract management may require adaptation to new processes as well as aligning Stakeholders on transition to advance procurement practices.

**Conclusion and the future of AI in Contract Management**

AI done right is revolutionizing contract management, offering unprecedented efficiency, compliance, and cost savings. By embracing AI-enabled CLM solutions, procurement organizations can navigate the complexities of modern regulatory environments, optimize their processes, and drive procurement excellence. As AI technologies mature, their integration into contract management will become more sophisticated. Future advancements may include fully autonomous AI bots capable of managing




# Risk & Compliance Management

**Mitigating risk with structure and foresight. Aligning compliance with performance goals.**

<b>See the full picture with cross-functional risk diagnostics</b>	<b>Build clarity with governance frameworks that fit your structure</b>	<b>Stay protected with cybersecurity aligned to NIS2</b>	<b>Meet evolving regulations with practical compliance strategies</b>	<b>Build resilience through scenario planning and continuity design</b>
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We provide expert guidance to manage risks and compliance

We design risk and compliance strategies that are as pragmatic as they are progressive — balancing today's regulatory demands with the operational nuance and foresight. Whether you're navigating complex EU directives, tightening supply chain controls, or strengthening your cybersecurity defences, we tailor every solution to help you stay ahead of risk, not just react to it.



# *Navigating your Sustainable Transformation Journey: The Way Forward*

## Authors:



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Senior Consultant

In the ever-evolving landscape of sustainability, businesses are continually challenged to keep pace with new regulations, shifting policy timelines, and rising stakeholder expectations. Organizations must navigate complex reporting requirements, change in operations, and implementation of new sustainability policies. Failing to address these areas not only risks non-compliance and reputational damage but can also hinder access to capital, talent, and market opportunities.

## Recent Regulatory Developments

### The EU Green Deal in Context

The EU Green Deal continues to be a legislative driving force behind sustainability initiatives in Europe, prompting companies to rethink how they operate. It introduces strict targets for reducing greenhouse gas emissions, accelerates the shift toward clean energy, and promotes a circular economy, in order to reach the goal of climate neutrality by 2050. For businesses, this may include actions redesigning products to meet new durability and recyclability standards under the Ecodesign for Sustainable Products Regulation (ESPR).

Since our previous article, one of the most notable developments is the introduction of the proposed Omnibus Bill in early 2025. This legislative package, currently under negotiation, was introduced by the European Commission in response to the growing concerns from businesses about the administrative burden and regulatory complexity of existing sustainability regulations. It aims to streamline and simplify several of the Green Deal's complex regulations.

If adopted, the Omnibus Bill would revise key regulations of the EU Green Deal. The proposal suggests to ease/remove reporting requirements for small and mid-sized enterprises, while large companies (in the proposal newly defined as employees of 1000 or more) would still remain subject to reporting obligations.

In parallel, the Omnibus "Stop-the-Clock" proposal was approved and went into effect in April 2025, postponing sustainability reporting requirements. The reason behind the Omnibus proposal and Stop-the-Clock is to simplify and reduce the administrative burden on affected companies, but also to enhance competitiveness and attract investments through a more favourable business environment. However, the Omnibus proposal has also got criticism for dismantling some of the most important additions of the Green Deal, such as the due diligence requirement.

### Key Regulatory Revisions Under Consideration

The Corporate Sustainability Reporting Directive (CSRD), which came into force in January 2023, was designed to improve the existing Non-Financial Reporting Directive by significantly expanding the scope of sustainability reporting. Considering the potential Omnibus package, reporting obligations would remain relevant to large companies, although the definition of a large company has been revised in the proposal. Hence, reducing the scope to about 80% of the companies included in the original proposal. Companies outside the scope may still voluntarily report. See table 1 for a summary of the changes.

Building on our previous publication "Navigating Sustainable Transformation", this follow-up piece provides a concise overview of the recent EU sustainability regulatory developments, such as the Omnibus proposal and Stop-the-Clock initiative. Addressing associated risks of inaction, while drawing on trends and Opticos' experiences to illustrate how to proactively address aforementioned challenges.

## Recent Regulatory Developments

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Wave	Original Proposal	Omnibus Proposal
Wave 1	Large public-interest entities already subject to the Non-financial reporting directive (NFRD) with >500 employees	No Change
Wave 2	Mandatory for large EU companies with at least two out of three criteria: <ul style="list-style-type: none"> <li>Employees: &gt;250</li> <li>Net turnover: &gt;€50 million</li> <li>Balance sheet: &gt;€25 million</li> </ul>	Mandatory for large EU companies with more than 1000 employees and one of two criteria: <ul style="list-style-type: none"> <li>Net turnover: &gt;€50 million</li> <li>Balance sheet: &gt;€25 million</li> </ul>
Wave 3	SMEs (<250 employees)	Removed from scope and made voluntary.
Wave 4	Non-EU companies	No Change

Table 1: CSRD Timeline

The Corporate Sustainability Due Diligence Directive (CSDDD) holds companies accountable for their economic, environmental, and social impacts, including their entire Supply Chain, both upstream and downstream, in alignment with the EU Green Deal. Similar to the CSRD, the CSDDD may see reductions in reporting requirements if the Omnibus package is approved and implemented. One key change would be the elimination of the due diligence requirement across the full supply chain, reducing the scope to direct business partners (tier 1). Other Omnibus changes would include less frequent periodic monitoring exercises for due diligence and the removal of the clause for EU-wide civil liability regime that instead refers to national laws. See table 2 for a summary.

Wave	Original Proposal	Omnibus Proposal
Wave 1	<p><b>EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;5000 employees</li> <li>&gt;€1.5 net turnover (global)</li> </ul> <p><b>Non-EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;€1.5 net turnover (in EU)</li> </ul>	<p>Wave 1 is delayed by one year and therefore (removed) merged with Wave 2.</p> <p>Key changes to reporting requirements across all waves:</p> <ul style="list-style-type: none"> <li>Scope now includes only direct business partners (Tier 1), excluding indirect partners (tier n)</li> <li>Assessment intervals is extended from one year to every five years</li> <li>Companies may now suspend business relationships instead of terminating them when failing to comply to the rules</li> <li>The clause for EU-wide civil liability regime is removed, Member states may choose to introduce their own national systems</li> <li>Member states are prevented from adopting stricter national versions of CSDDD rules</li> </ul>
Wave 2	<p><b>EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;3000 employees</li> <li>&gt;€900 million net turnover (global)</li> </ul> <p><b>Non-EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;€900 net turnover (in EU)</li> </ul>	
Wave 3	<p><b>EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;1000 employees</li> <li>&gt;€450 million net turnover (global)</li> </ul> <p><b>Non-EU companies with the following:</b></p> <ul style="list-style-type: none"> <li>&gt;€450 net turnover (in EU)</li> </ul> <p>Any company entering franchising or licensing agreements in the EU with the following:</p> <ul style="list-style-type: none"> <li>&gt;€22.5 million royalties</li> <li>&gt;€80 million net turnover</li> </ul>	

Table 2: CSDDD Omnibus changes

The “Stop-the-clock” admission, which has already been approved and gone into affect, means a postponed timeline for both the CSRD and the CSDDD. One year for CSDDD and two years for CSRD, as shown in figure 1 and 2. This is said to give companies in scope more time to prepare. However, the “Stop-the-clock” directive is only a temporary delay for the complex regulations to come. Regardless of whether the Omnibus proposal is adopted, the main goal of climate neutrality by 2050 is still in scope, placing great strategic emphasis on how organizations approach sustainability and sourcing, impacting everything from internal processes to sourcing strategies and supply chains.

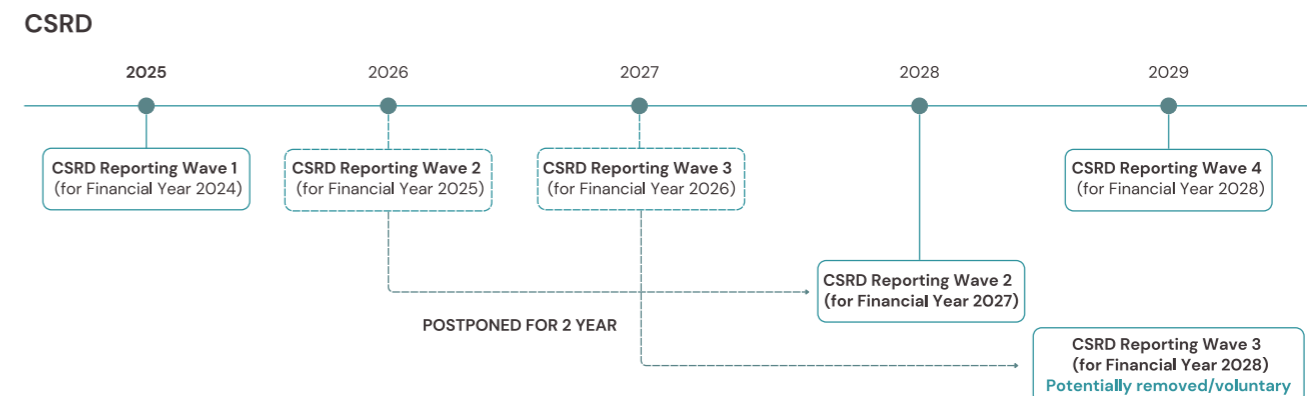


Figure 1: CSRD Timeline

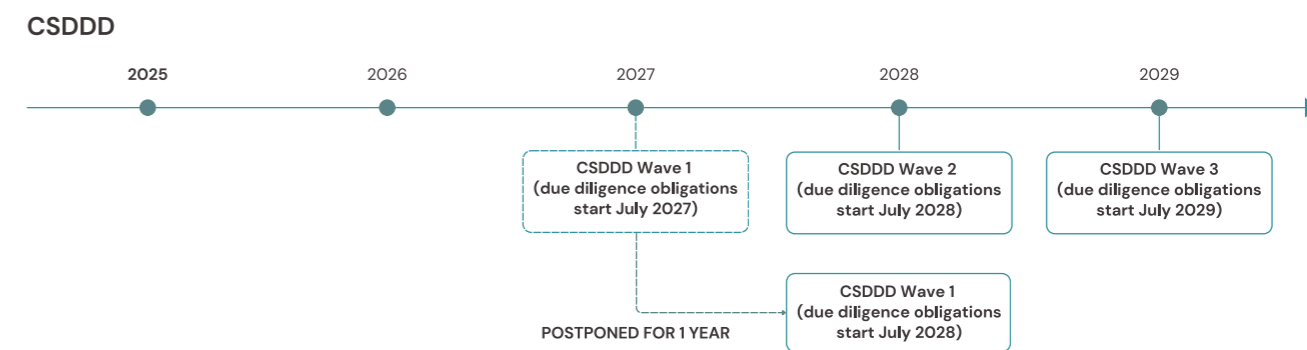


Figure 2: CSDDD Timeline

### From Compliance to Competitive Advantage

While the tangible impacts of new sustainability regulations are becoming increasingly evident, it is equally important to consider their broader, indirect effects. The heightened focus on sustainability is reshaping how companies are evaluated and compared. Organizations that fall behind risk being perceived as outdated or high-risk, whereas those that lead in this area can enhance their brand reputation among clients, partners, investors, and prospective employees. This is particularly relevant as younger generations, both as consumers and members of the workforce, place greater value on corporate sustainability.

However, momentum is uneven across regions and sectors, while sustainability efforts are gaining traction in many markets, others remain sceptical or resistant. This divergence may require companies

operating in said markets to uphold regulatory commitments while tailoring messaging and product strategies to local contexts. Regardless of regional stance, sustainability will become a strategic consideration and a potential political signal for businesses to navigate.

Beyond compliance, embedding regulatory capabilities into scalable operations can unlock competitive advantages. One example is manufacturers internalizing the second-hand value chain. This approach not only reduces emissions per unit of revenue and enhances lifecycle data (critical for CSRD, ESPR, and DPP), but also captures margin and customer loyalty with certified resale and parts harvesting, otherwise lost to third parties. Effective models depend on reverse logistics, item-level traceability, and standardized refurbishment criteria. As noted by Hans Bergström, this strategy links incremental sales to products that have already accounted for most of their embodied emissions at the first sale.

## When manufacturers insource the second-hand chain, they link new sales to products that have already ‘written off’ most of their embodied emissions turning circularity into a genuine competitive edge.

- Hans Bergström, Partner at Opticos

### Strategic Sourcing and SC in a Shifting Regulatory Landscape

From a sourcing perspective, companies will be held accountable for the sustainability performance of their value chains. For most companies, this requires a reassessment of supplier relationships, including long-standing partnerships, with potential consequences such as renegotiations or even contract terminations if suppliers fail to meet new regulatory standards.

Explore how with our triple sustainability sourcing approach, an integrated framework designed to align sourcing practices with evolving compliance requirements, Opticos has supported organizations to align with the shifting requirements, make informed decisions, reduce exposure to compliance risks, and strengthen the overall resilience and integrity of their value chains.

As a complement to our Sustainability Sourcing Framework, we also use our Sustainable Supply Chain Assessment, an initial evaluation that helps organizations establish a clear baseline of their current sustainability maturity and readiness. It provides valuable insight into potential compliance gaps and improvement areas across the supply chain, enabling companies to prioritize actions and prepare upcoming regulatory requirements based on your specific situation.

### Strategic Sourcing and SC in a Shifting Regulatory Landscape

EU sustainability regulations are pushing companies to rethink product design, supply chains and sourcing strategies, introducing new layers of reporting and coordination that place significant demands on data infrastructure, management, and quality. In this environment, data becomes a strategic asset. Reliable and well-structured data is essential for meeting reporting obligations and provide the granular information regulators require. Without robust data foundations, companies risk incomplete reporting, compliance breaches, and reputational damage.

Grounded in client work, Master Data is the foundation of reliable sustainability reporting as every ESG figure, whether it is carbon emissions, material use, or supplier compliance, links back to core business objects like articles, suppliers, and customers. When the underlying data is inconsistent or incomplete, reporting becomes unreliable and hard to verify. For example, if a supplier appears under multiple names across systems, it is nearly impossible to track their sustainability performance correctly.

Achieving high quality Master Data it is not a clean up exercise, it requires a structured, governed foundation. In practice, this means clear ownership for key data domains, mapped and optimized Master Data processes, sustainability attributes (like emissions factors or material origin) embedded into existing data models.

At Opticos, we have delivered these capabilities in real-world projects. For example, mapping and designing end-to-end Master Data processes in global ERP rollouts, and acting as data stewards across multiple domains to formalise governance and policies that ensure consistency across systems. In sustainability focused initiatives, we have implemented data platforms to consolidate supplier and product data for CSRD aligned reporting. All these steps, ownership, process mapping, attribute integration, and governance, help organizations meet regulatory requirements and build long-term resilience.

Drawing on extensive experience in the data governance and architecture fields, Opticos helps organizations establish the data foundations needed to meet these evolving requirements. Enabling data driven decision-making, reducing compliance risks, and strengthened data security, ultimately positioning companies to respond proactively to sustainability challenges.

### Conclusion

Even with postponed timelines and potential adjustment to the scope of sustainability reporting, waiting to act could become risky and costly. Instead, use this time to build robust internal processes, improve data quality, source and implement reporting systems before compliance becomes mandatory. Invest in ESG tools to help automate and consolidate data to keep it accurate, manual spreadsheets will not scale well as reporting requirement expands. Engage suppliers early, Supply Chain data is often very difficult to obtain yet critical for both CSRD and CSDDD compliance. Start mapping your supplier network now to allow time for reassessment and, where necessary, renegotiate contracts.

To conclude, the regulatory landscape continues to evolve, and sustainability is becoming a central part of companies business strategy, for regulatory alignment and for stakeholder trust. Recent developments around the Omnibus proposal, and the “Stop-the-clock” directive, highlights the need to remain informed and proactive. While such changes may offer temporary relief on timelines or scope, the EU Green Deal’s overarching objective of climate neutrality by 2050 still remains.



# From Synergy Ambition to Cost-Out Reality: Why IT Shapes M&A Success

Why acquirers should bring IT into M&A from day one – and how the IT M&A White book by Opticos keeps value and cost efficiencies on track

## Authors:



**Rickard Holmkvist**  
CEO



**Kevin Zhao**  
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Acquisitions are ultimately judged on whether the promised value and cost savings shows up in the numbers reliably, quickly, and without unpleasant surprises. In many deals, a large share of the business case for IT rests on the cost-out opportunities from eliminating duplicate systems, reducing vendor spend, simplifying the IT landscape, but these opportunities only materialise when IT is involved early enough to shape decisions. Yet in too many deals, IT is invited in only after key terms are set, term sheets negotiated, transitional service agreements (TSAs) sketched and Day-1 assumptions pencilled in. By then, choices with multi-million impacts have already hardened. Integration teams inherit constraints they didn't shape. "Just make it work" replaces disciplined planning and integration only brings frustration, delays and little accountability. Ultimately, resources becomes strained, quality is comprised and unplanned costs becomes unavoidable.

This article explains what goes wrong when IT joins late, the benefits of involving IT early, and how the IT M&A White Book by Opticos structures the work along the three natural phases of a deal: Due Diligence, Integration, and Post-Integration so that what you buy is what you can operate, improve, and prove.

**3) Compliance gaps surface late:** Every deal must satisfy applicable regulatory and statutory requirements. When gaps are identified only after close, remediation must happen under time pressure, increasing both cost and risk.

**4) Day-1 becomes "day-maybe":** Without a defined Day-1 target operating model, the basics wobble: who has access, how tickets are handled, what comms go to whom, where data flows, whose laptop still authenticates. When Day-1 is unstable, value capture and cost-efficiency efforts stall before they begin.

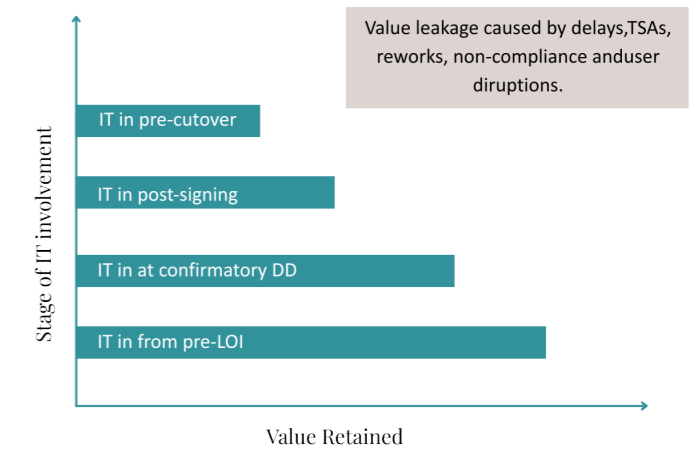


Figure 1: Earlier IT involvement sharply reduces rework, TSA drag, disruption and increases the retained value from the acquisition

## The Benefits: Early IT Involvement Speeds Deals and Saves Cost

Bringing IT to the table from the very beginning delivers three classes of benefits:

**Deal clarity:** Early discovery uncovers critical interfaces, data obligations, vendor entanglements, and control baselines. Leaders can then set integration ambition, timing, and cost-out potential based on facts rather than optimistic assumptions.

**Execution speed:** A clean hand-off from diligence to delivery compresses timelines. With clear Day-1 scope, workstreams can move in parallel. Identity and access, data migration, service desk, and supplier changes are sequenced with the people impact in mind. You trade last-minute heroics for predictable progress.

**Durable outcomes:** Post-close, benefits realization doesn't happen by accident. With early IT involvement, the plan includes who owns each synergy, how it is evidenced, when legacy risk is retired, and which activities (like decommissioning) close the loop. Cost-out becomes part of the structured plan rather than a vague future aspiration.

## The Issue: IT Arrives Late, Risk Arrives Early

When IT is absent early, the business case starts on a shaky foundation. Four recurring failure modes account for most of the avoidable cost, delay, and disruption we see:

**1) Invisible dependencies:** Applications rarely live in tidy boxes. They depend on shared directories, data feeds, payment gateways, analytics layers, and monitoring tools. If identified after signing, they create rework, partial cutovers, or extended TSAs – all of which add cost and delay.

**2) Weak TSA positions:** Negotiating TSAs without IT input leads to paying for the wrong services, unrealistic exit timelines, and service levels that don't support integration. Extended TSAs often become one of the biggest unplanned cost drivers.

## The IT M&A White Book by Opticos: Built Around the Three Phases that Make or Break Value

The IT M&A White Book is a pragmatic guide and not a rigid methodology that keeps speed and control in healthy tension. It is structured around what actually happens in deals: discover → deliver → demonstrate. Below, we outline the three phases and the problems buyers typically face. The White Book is designed to address these problems directly, so your teams spend less time reinventing and more time executing.

### 1) Due diligence: Reduce surprises before they become costs:

In the rush to secure a deal, technology risks often stay under the surface. Buyers underestimate the web of systems and data flows that underpin license-to-operate processes. Vendor contracts hide renewal cliffs, audit exposure, and auto-renew traps. Security and privacy controls may look good on paper but lack evidence of operating effectiveness. TSAs get drafted as legal conveniences rather than operational commitments. By the time these issues surface, they have already shaped price, timing, and scope.

#### How the White Book helps

It frames diligence as decision support, not document collection. It brings a lean governance rhythm, a focused evidence pack, and a clear translation of findings into Must-Have vs Should-Have integration scope. It sets up the TSA stance; which services are needed, for how long, at what standard—and the principles for exit. Most importantly, it identifies the early cost-out levers: which systems are duplicative, where vendor spend can be reduced, which contracts can be rationalised, and where consolidation or retirement is feasible. The output: an executive-ready integration decision that prevents nasty surprises after signing.

### 2) Integration: Make day-1 a non-event and cutover a disciplined change

This is where deals derail. Without an explicit Day-1 target operating model, practical basics falter: access, support, communications, and continuity. Workstreams run at different speeds with unclear dependencies. Identity, data migration, interim interfaces, and knowledge transfer compete for scarce subject-matter time. Vendors control key levers. When roles and escalation paths are fuzzy, issues linger; TSAs extend; users lose confidence.

#### How the White Book helps

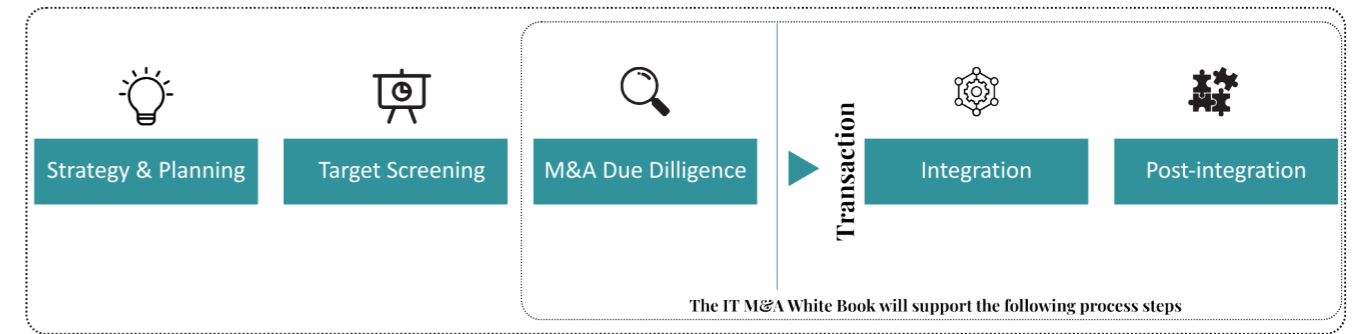
It translates diligence decisions into a practical run-book owned by an Integration Management Office with the right decision rights. It defines Day-1 readiness in plain terms—who needs access to what, how tickets are handled, what changes are frozen, what comms go to whom—and provides simple mechanisms to keep identity, data, supplier, security, and service-management changes on one plan. It emphasizes people: onboarding, support, and change communications that make the transition safe for users, not just systems. It also synchronises integration milestones with cost-out actions, enabling early retirement of overlapping systems, alignment of contracts for renegotiation, and consolidation steps that can only happen once operational readiness is secured.

### 3) Post-integration: Prove the value, retire technical debt, close the loops

After the relief of cutover, many programs lose focus. Benefits tracking is inconsistent; ownership is diffuse; and the numbers are difficult to reconcile with the business case. TSAs that were meant to be temporary linger. Technical debt accumulates: duplicate applications that no one gets around to retiring, orphaned data stores, integrations left in “temporary” states, license inventories that don’t match usage. Compliance tasks—like control evidence or policy harmonization—remain open-ended, becoming audit findings later.

#### How the White Book helps

It provides a straightforward approach to proving the value—what to measure, how to attribute, and how to avoid double-counting. It organizes decommissioning and remediation into a credible plan with owners and checkpoints, not an ever-growing backlog. It schedules TSA exits as milestones, not wishes. Crucially, the White Book treats post-integration as an intentional cost-out phase: a structured program to eliminate duplicate systems, consolidate infrastructure, reduce license volumes, streamline vendors, and simplify architectures. This shifts cost reduction from a vague ambition in to a predictable, auditable sequence of actions with visible financial impact. And it builds a habit of capturing lessons learned so your next integration benefits from this one. The aim is simple: leave a tidy, well-run IT landscape that supports the combined business and delivers the cost savings and value that justified the deal.



#### What “Good” Looks Like

- **Clarity over complexity:** Keep just enough structure to prevent surprises and enable decisions. Lists, run-books, and roles should be short and clear.
- **Speed with control:** Momentum matters. Use a lean cadence and explicit decision rights so material choices—system consolidation, TSA commitments, cutover scope—are made at the right level and at the right time.
- **Outcomes, not activity:** Day-1 is about continuity; cutover is about safe change; post-integration is about proving the business case and retiring risk. Each step has entry and exit criteria and a named owner.
- **People first:** Users remember whether they could do their job on Day-1, whether support responded during hypercare, and whether communications were straightforward. Technology succeeds when people are ready.

#### Bringing It All Together

Inviting IT into M&A late is like trying to fix the parachute after you’ve jumped. The avoidable leakage shows up as extended TSAs, rework, disruption, and compliance fixes on the critical path. By involving IT from the start, you gain deal clarity, execution speed, and durable outcomes—and you protect the one thing that matters: value realization.

The IT M&A White Book by Opticos exists to make that happen. It is built around the three phases where value is won or lost—Due Diligence, Integration, and Post-Integration and it is designed to solve the most common problems in each: reducing surprises before they become costs, making Day-1 a non-event and turning cost-out ambition into delivered,

evidenced savings while retiring technical debt and closing compliance loops. In short: discover what matters, deliver what’s needed, and demonstrate that it worked – both operationally, and financially.

# Global Capability Centres as a Strategic Imperative – A Pathway to Sustainable Value Creation

## Authors:



**Abhishek Kale**  
Manager

The transformative nature of globalisation was well documented by the phrase “the world is flat” and is arguably one of the most defining phenomena over the past century. Nearly three decades after outsourcing came into vogue, the path to value generation has been nothing short of spectacular either.

At the heart of this global disruption is India’s Outsourcing industry. What started as offshoring captive centres pivoting around information in the 2000s (also called Global Information Centers GICs), where value creation was generated ‘in-house’ through research, data entry, and customer service and finance functions, has evolved into Global Capability Centres (GCCs), a fully integrated Center of Excellence (CoE) that is built on the pillars of trust, transparency, and long-term positioning.



**Aravind Venkatesh**  
Country Manager, India

## India at the Centre of Global Capability Pivot

India’s strength as a GCC destination is built on a combination of factors, including the availability of large-scale, digitally proficient talent, a positively evolving regulatory and policy landscape, competitive price points and well-developed digital infrastructure. Moving beyond execution-focused roles, modern GCCs now operate as integrated, high-impact units, playing a central role in enterprise transformation initiatives, developing digital capabilities, and contributing directly to innovation and business value creation. The fundamental question is no longer why India but rather how to maximise value through their India footprint.

Global companies are operating under sustained pressure: persistent talent shortages, rising cost bases, faster technology cycles, and increasing dependence on digital platforms. In addition, a volatile geo-political landscape, supply chain disruptions, evolving compliance frameworks, and rapidly transformative advancements in AI & technology have underscored a need for risk-diversified operational models.

In this background, a potential strategy to address these structural challenges should not be limited to setting up delivery models focused on maximising efficiencies at scale but a long term roadmap to generating sustainable value.

As a result, India is no longer viewed purely from a low-cost lens but a strategic growth lever to help realise long-term value propositions directly impacting the bottom-line. India now hosts the world’s largest concentration of Global Capability Centres (GCCs), employing close to two million professionals enabling core enterprise functions across technology, engineering, finance, healthcare, and operations.

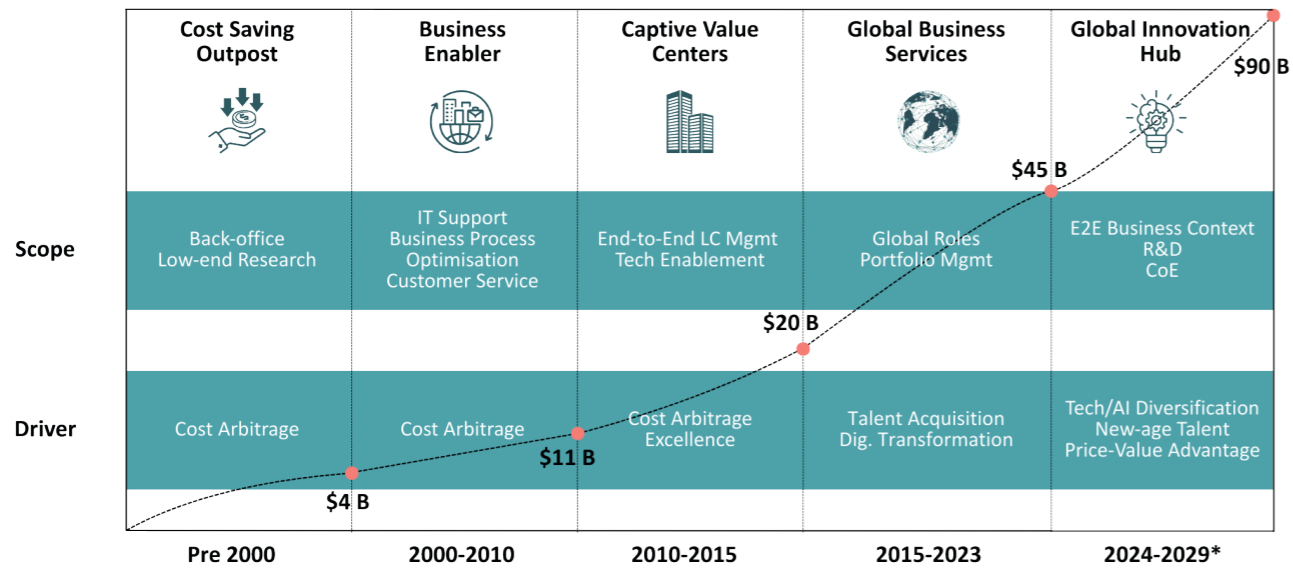
For Nordic companies that often operate from home markets with relatively high labour costs and scarce talent, the GCC model offers a pragmatic solution to extend global value-driven footprint without compromising on strategic control.

## The Evolution of Offshoring in India

Seen over time, the role of offshore centres has not evolved in a straight line but rather in step with how global organisations organise work and accountability. What began as narrowly defined delivery setups gradually expanded into broader capability platforms, with each phase reflecting a different view on scope, ownership, and value creation.

Across this progression, offshore centres moved from efficiency-led execution to end-to-end enablement, and eventually into roles anchored in global context, portfolio ownership, and innovation. Early models prioritised cost and scale, followed by increasing emphasis on process ownership and capability enhancement. As operating models matured, India-based centres began supporting global roles, portfolio management, and enterprise-wide initiatives. In their most advanced form today, Global Capability Centres operate within full business context contributing directly to R&D, digital transformation, and strategic decision-making.

The infographic below summarises this evolution across positioning, scope, and primary value drivers, illustrating how offshore models have transitioned from cost-focused outposts to integrated capability and innovation hubs.



### Scale and Momentum of India's GCC Ecosystem

India's GCC ecosystem has reached a level of scale that few other locations can replicate. As of 2024:

- India hosts 1,700 – 3,000 GCCs, depending on definition, and close to 50% of global GCC employment
- Around 400 of the Forbes Global 2000 companies currently operate GCCs in India. This implies that nearly 80% still do not, leaving significant headroom for further growth
- Total employment in Indian GCCs stands at 2.0 million professionals

Importantly, growth is no longer driven only by new entrants. Mature GCCs are expanding their scope faster than overall enterprise headcount, reflecting growing reliance on India for core technology and

business roles.

### Sector View

The GCC footprint in India is now spread across multiple industries, with clear patterns of value concentration.

Manufacturing and Engineering GCCs increasingly support product design, testing, digital twins, and lifecycle management, particularly in automotive and industrial sectors

Banking, Financial Services, and Fintech centres focus on analytics, risk, regulatory technology, and AI-driven automation

Healthcare and Life Sciences GCCs play a growing role in R&D, clinical analytics, and compliance

High-tech and Software GCCs increasingly own platforms, data products, and AI capabilities

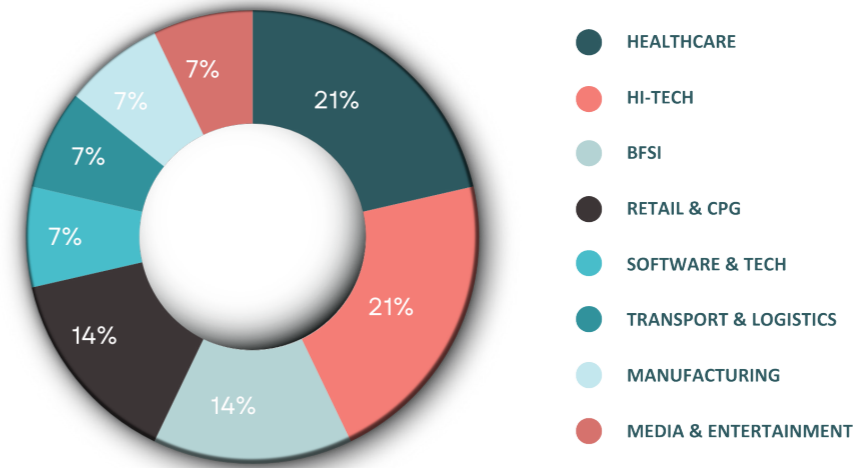
Engineering R&D now accounts for more than half of GCC value creation in India and continues to grow faster than traditional shared services.



What stands out in today's Global Capability Centres in India is the depth. These are no longer broad delivery units. They are sector and domain focused centres of excellence, closely integrated with global teams and accountable for clearly defined outcomes.

**Fredrik Hallberg**

Head of Strategy & Growth, Opticos AB



### Product-Centric vs Service-Centric GCCs

As GCCs take on a more central role in global operating models, companies are increasingly differentiating how they use them based on business context. A key distinction is between service-centric and product-centric GCCs, although coexisting, but operating very differently in practice.

Service-centric GCCs are designed around efficiency, standardization, and scale. They work best where outputs are stable and governed through clearly defined processes, with success measured through quality, cost effectiveness, and delivery consistency.

Product-centric GCCs sit closer to the core of the business. They are embedded in engineering, platforms, data, and innovation, often supporting full product or capability lifecycles. This model requires clearer decision rights and closer integration with headquarters but delivers higher long-term value through stronger ownership and faster innovation cycles.

In practice, product centric GCCs are far more sensitive to how accountability is structured. Where ownership is clear, they function as integral parts of the global operating model rather than offshore ex-

Dimension	Service-Centric GCCs	Product-Centric GCCs
Primary role	Execution and scale	Capability and value creation
Typical scope	GBS, IT ops, finance, HR	Engineering, platforms, data, AI
Organisation model	Functional/process towers	Product, platform, or domain-led
Success metrics	Cost, quality, SLAs	Outcomes, time-to-market, impact
Decision rights	Largely retained at HQ	Distributed between HQ and GCC
Sensitivity to governance	Low-moderate	High
Value profile	Incremental, predictable	Structural, long-term

### Foundational Considerations for a GCC

Across both service-centric and product-centric GCCs, the differentiator is not the operating model itself, but how clearly organisations get the foundational choices around mandate, governance, talent, and decision rights.

High-performing capability centres typically share five foundational elements.

- Outcome-based mandates rather than task-based delivery
- Proactive human-centric policies and interventions built on empowerment and Trust
- Embedded global roles and decision authority
- Strong alignment between headquarters and GCC leadership

Tech-enabled Innovation roadmaps powered by AI and Automation

Top-performing GCCs report productivity improvements of up to 30%, alongside improved resilience and faster time-to-market, driven by scaled AI adoption and clearer outcome ownership.

#### What This Means for Nordic Companies and the Way Forward

One can argue that the importance of people-centric dimension to Nordic businesses is more relevant to nurturing GCCs outside Scandinavia. Companies that treat GCCs as long-term capability investments tend to extract significantly more value than those that view them as flexible capacity pools.



The key to unlocking sustainable business value goes beyond extracting delivery efficiencies at scale and attractive cost propositions. It is one that can fundamentally address alignment with core values, tacit behaviours, cultural alignment, and ways of working...

**Rickard Holmkvist**  
CEO, Opticos AB

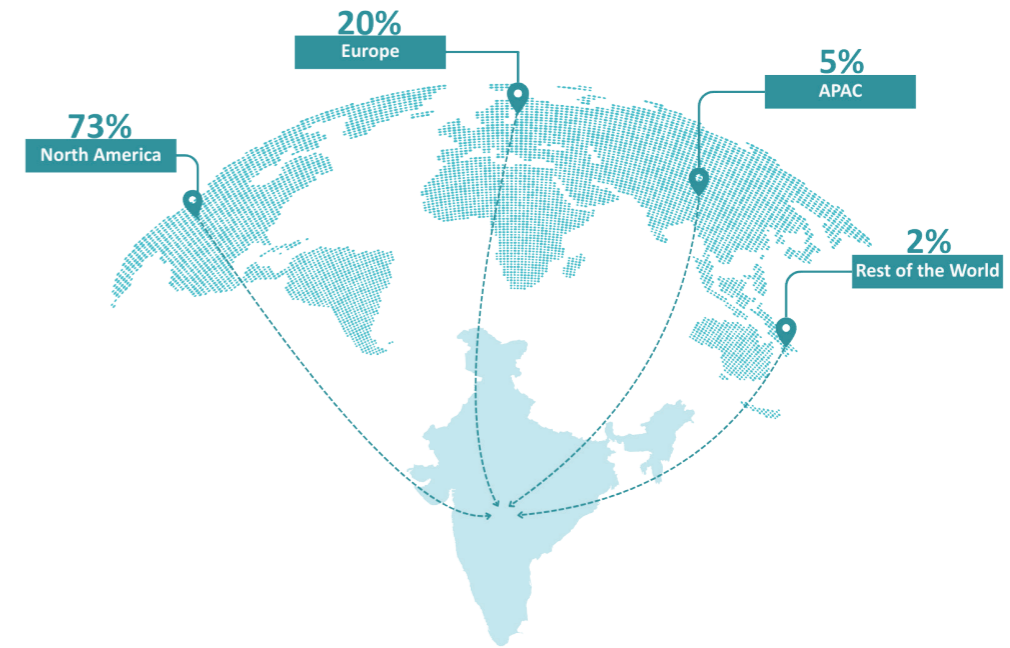


The Business Satisfaction Survey of +200 Swedish companies operating in India conducted by Team Sweden, reveals that nearly 60% plan to increase investments over the next 12 months, with nearly 82% running a profitable business or break-even in the preceding year.

In this background, some of the relevant questions to be addressed while developing a GCC strategy:

- How do we achieve culture fit and embed ways of working that are critical to success?
- What capabilities or business functions should be anchored offshore?
- What is our talent acquisition and retention strategy?
- How should governance and accountability be structured?
- How can the value creation be leveraged and monetised?

For Swedish companies, a holistic approach that is built on Nordic values such as integrity, sustainability, trust, and collaboration are essentially the bedrock of a successful offshore strategy.



In a recent landmark development, India and EU recently concluded negotiations for a balanced, comprehensive and mutually beneficial Free Trade Agreement (FTA), making the EU the largest trading partner of India. The benefits of an FTA is expected to spill over into the IT sector by enhancing digital trade, enabling smoother data flows, and facilitate closer collaboration between EU and India.

#### How Opticos Supports This Journey

Capability Centers go much beyond global factors at scale but a strategic enabler for companies to co-create solutions that deliver competitive advantages. For organisations willing to embed GCCs into their core operating architecture, India offers a proven track record with a combination of factors such as a scale, skills, continuity and a strong value-driven ecosystem that few other locations can match.

Opticos works with clients across the GCC lifecycle from defining the role of India in the global operating model and establishing a business case to designing governance structures, scaling, and optimising mature capability centres.

While the larger goal would be to set up and scale up capability centers, a holistic Go to Market strategy can help effectively realise the business goals. Some of the key areas of the plan would address areas such as:

- Vision and Leadership Buy-in
- Culture Fit and Ways of Working
- Alignment with Core Values

- Capability ownership versus service delivery
- Human Capital, skills acquisition and retention
- Legal & Regulatory compliance
- Risk Modelling and Scenario Planning
- Governance and Accountability Mechanisms

With a Nordic presence, global reach and a proven track record, Opticos is uniquely positioned to supporting our clients irrespective of where you are in your global transformation journey.

#### Sources:

##### Secondary research and industry sources

- NASSCOM-Zinnov: India GCC Landscape & GCC 4.0 reports (scale, waves, ER&D share)
- PwC India: Catalysing Value Creation in Indian Global Capability Centres (governance, value CAGR, misalignment)
- Boston Consulting Group (BCG): Rewriting the Global Capability Center Playbook (maturity, AI, operating models)
- ISG / Avasant: GCC services radar and maturity benchmarks
- Economic Survey of India (FY24-25): GCC employment and macro contribution

#### Regional and Nordic context

Team Sweden – Business Satisfaction Survey (Swedish companies operating in India)  
EU-India Free Trade Agreement (FTA) public announcements and policy briefs

# Unlocking Success Through a Digital Readiness Assessment

## Authors:



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In today's fast-evolving business landscape, digital transformation is no longer optional, it is a necessity. From automation and data-driven decision-making to AI and cloud adoption, companies that embrace digitalization gain a clear competitive edge. Significant investments have been allocated towards digitally transforming enterprises, with global expenditure on digital transformation initiatives expected to increase from 2.49 trillion USD in 2023 to 4.0 trillion USD by 2027, as reported by IDC. However, the success rates for digital transformation initiatives are low, as reports from Taylor & Francis show that companies struggle to realize the expected value in approximately 70% of the cases.

For instance, a €3B industrial equipment manufacturer launched a predictive maintenance initiative using IoT and cloud tech—but without assessing their digital readiness. Legacy systems, misaligned leadership, and an unprepared workforce led to a stalled project after 18 months and €20 million spent. A post-failure assessment revealed critical gaps that could have been addressed earlier, saving time, cost, and credibility.



## Why Does Digital Readiness Matter?

The path to becoming digitally mature is riddled with challenges. From overcoming internal resistance to managing disruptive technologies, the road can be difficult. A Digital Readiness Assessment provides your company with a holistic view of its digital maturity and the opportunity to identify key digital development areas. The assessment provides a roadmap to guide the organization through these challenges and increase the chance for digital investments to deliver the expected value.

- **Strategic Alignment:** One of the biggest mistakes companies make is pursuing digital projects without aligning them with business objectives. An assessment helps ensure that your digital strategy is focused on areas where it will have the greatest impact on growth, efficiency, or customer experience. The assessment also provides an opportunity for alignment among internal stakeholders on the digital as-is and to-be state of the company.
- **Risk Mitigation:** Adopting new technologies comes with risk—cybersecurity threats, integration failures, and operational disruptions. A readiness assessment highlights potential vulnerabilities, so you can address them proactively before they become costly problems.
- **Cost Efficiency:** Digital transformation efforts can be expensive. An assessment helps prioritize which areas require the most attention, avoiding wasted resources on initiatives that may not move the needle.

## Key Areas of a Digital Readiness Assessment

A thorough Digital Readiness Assessment covers several key areas that together determine how prepared your organization is to successfully embrace digital transformation:

### 1. Digital Strategy

A robust digital strategy defines the organization's digital ambition and aligns it with overall business objectives. It involves assessing the impact of digital on customers and the value chain, securing executive commitment, and ensuring the strategy supports scalability. Companies must identify key assets, estimate the potential value of digital initiatives, understand strategic risks, and foster a sense of urgency around digital transformation within the organization. Additionally, a comprehensive digital strategy includes a thorough risk assessment to identify potential challenges and a value estimation process to quantify the benefits of digital initiatives, ensuring that the strategy is both ambitious and grounded in practical outcomes.

## What is a Digital Readiness Assessment?

A Digital Readiness Assessment is a strategic tool that evaluates your organization's current ability to adopt and integrate digital technologies. It identifies where your company stands in terms of technology infrastructure, capabilities, processes, strategy, etc. By providing a comprehensive picture of your digital strengths and weaknesses, it helps you prioritize investments and align digital initiatives with broader business goals.

For many company leaders, it is tempting to think that implementing new technologies will automatically result in increased efficiency and innovation. However, without a clear understanding of your organization's digital maturity, you risk adopting solutions that do not address your specific needs or capabilities.

At Opticos, we use an in-house framework based on industry's best practices, adapted to fit the unique context of each client. The outcome? A structured roadmap showing where to invest, what to fix, and how to align your digital ambitions with business goals.

## 2. Operating Model

A digital-ready operating model is one that facilitates the scaling of digital initiatives without structural barriers. This requires effective cross-functional collaboration, a culture of innovation, and a balanced approach to day-to-day operations and rapid changes. Companies should understand how future digital business models challenge current processes and adapt KPIs, incentive models, and cost structures to support new digital services and agile delivery models. Automation plays a critical role in streamlining processes and enabling scalability, ensuring that repetitive tasks are handled efficiently to free up resources for innovation. By aligning KPIs and incentives with digital goals and optimizing cost structures, organizations can create an operating model that supports both current operations and future growth.

## 3. Capability & Workforce

Building digital capabilities means identifying the skills needed for transformation—whether in the workforce, leadership, or partnerships. Companies need a strategic plan for acquiring and managing digital talent, tracking the integration of human and digital labour, and scaling a digital workforce (e.g., automation and AI). Retaining digital knowledge through employee development frameworks and integrating new capabilities with existing ones are critical for long-term success. This includes fostering continuous learning and upskilling programs to ensure the workforce remains adaptable to evolving technologies. By focusing on the integration of human and digital labor, organizations can optimize productivity while scaling their digital workforce to meet future demands.

## 4. Innovation & Customer Centricity

Customer needs should drive innovation in products and services, supported by regular feedback loops and data analysis. Companies must streamline their innovation processes from idea to implementation, leveraging cross-functional teams and incentive models to promote creativity and collaboration. With a culture that embraces experimentation and exploration of new technologies, businesses can innovate faster and deliver solutions that align with customer expectations. Data-driven customer insights are essential for understanding evolving needs and tailoring solutions accordingly. Additionally, organizations should consider the employee digital experience, ensuring that internal processes and tools support a seamless and innovative work environment that complements customer-centric initiatives.

## 5. Technology & Architecture

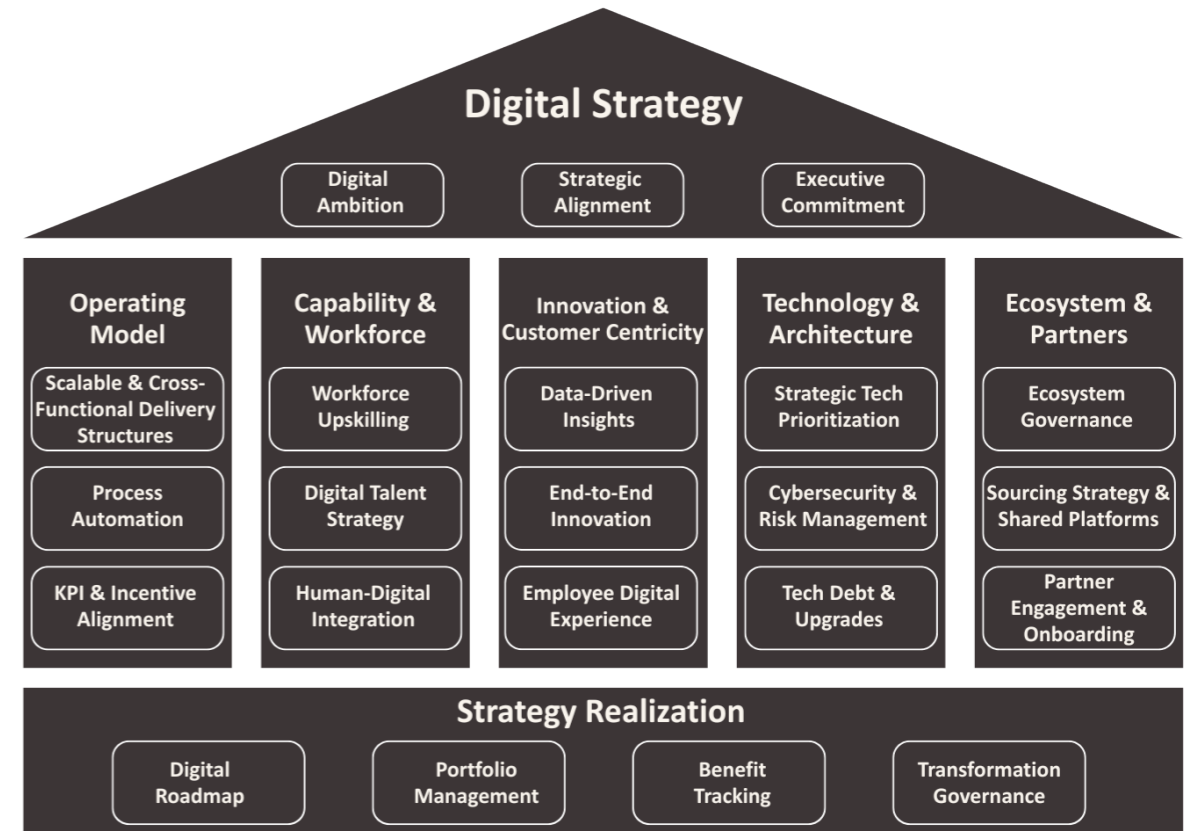
A strong IT architecture is the backbone of digital transformation, ensuring both stability and agility. Companies should manage technical debt, create a roadmap for necessary upgrades, and prioritize technologies that align with strategic goals. Additionally, organizations must manage IT risks, cybersecurity, and the complexities of integrating new technologies into existing systems. Strategic technology prioritization ensures that investments are focused on solutions with the greatest impact, while digital workplace enablement—through tools and platforms that enhance collaboration and productivity—supports employees in a digital-first environment. By addressing technical debt and enabling a digital workplace, companies can build a technology foundation that supports both current operations and future innovation.

## 6. Ecosystem & Partners

Digital transformation often requires collaboration across a network of business and technology partners. A clear strategy for partner engagement, evaluation, and onboarding helps companies scale digital initiatives. Establishing business and technology enablers, such as shared platforms and governance frameworks, ensures seamless collaboration within the digital ecosystem. Effective partner engagement and onboarding processes ensure that the right partners are brought on board to support digital goals, while governance frameworks for collaboration provide structure and accountability. This integration supports innovation and the successful delivery of digital services.

## 7. Strategy Realization

Effective digital transformation requires a clear roadmap, anchored at the executive level, with well-defined initiatives aligned to digital ambition. Business cases and benefit tracking are essential for measuring success. A portfolio management process ensures that digital initiatives are prioritized based on scalability, business value, and readiness. Governance structures, whether program-based or operational, guide the overall transformation and ensure that benefits are realized. Benefit tracking mechanisms provide visibility into the outcomes of digital initiatives, while governance structures for transformation ensure alignment and accountability at all levels of the organization.



To ensure the accuracy of the Digital Readiness Assessment, the framework should be tailored to the specific needs and contexts of different business areas or departments (e.g., retail, investment banking, corporate functions). This customization allows for more precise identification of gaps and opportunities, enabling targeted strategies for digital transformation.

### The Future of Digital Readiness

Digital readiness is not a one-time evaluation, it is an ongoing process. As new technologies such as AI, blockchain, and cloud computing evolve, companies must continually reassess their digital maturity to stay competitive. A well-executed readiness assessment can serve as the foundation for not just the initial transformation, but for sustaining digital innovation over the long term.

### Ready to Assess Your Digital Future?

Whether you are at the start of your digital journey or reassessing after initial challenges, a Digital Readiness Assessment ensures that your transformation is grounded in strategy, fit-for-purpose capabilities, and organizational alignment. Opticos' framework for Digital Readiness will provide you with valuable insights and guidance so that you can become successful in your digital transformation journey. Contact us to know more.

# PMOs That Deliver: Shifting from Control to Impact

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In many organizations, the Project Management Office (PMO) is viewed as a background actor, necessary but hardly transformative. It's the team that manages documentation, monitors timelines, and ensures projects are somewhat structured. Yet when fully empowered, the PMO can become one of the most impactful value drivers in a company's project portfolio. Not by merely tracking progress, but by actively delivering outcomes. In a time of fast-changing priorities and complex transformations, that shift is no longer optional, it's essential.

At Opticos, we've worked closely with organizations making the shift from traditional, controlling PMOs to delivery-oriented models, unlocking not just efficiency, but strategic impact. In this article, we explore what a Delivery PMO is and does, how it differs from other models, and what's required to build one.



## What a High-Performing PMO Actually Does

Let's start by redefining the PMO - not as an administrative function, but as a catalyst for delivery and strategic execution. A PMO has the potential to integrate strategy and execution, ensures teams are focused on the right priorities, and provides the insight and support needed to navigate complexity and deliver real outcomes.

Here are six key capabilities that showcase how the Delivery PMO creates values:

### 1. Planning & Dependencies

Beyond creating Gantt charts, a strong PMO structures both high-level and detailed planning. It identifies critical dependencies between initiatives, teams, and systems, helping to avoid bottlenecks before they arise.

### 2. Stakeholder Management

One of the most underestimated PMO functions. Strong stakeholder management involves identifying decision-makers, clarifying expectations, and maintaining clear and proactive communication throughout the project lifecycle.

### 3. Change Control

Change is inevitable. A capable PMO foresees potential shifts and creates a structured approach to evaluate and manage them, balancing agility with discipline and ensuring stability through formal approvals and communication.

### 4. Cost Management

PMOs must take responsibility for the financial health of projects. That means owning the budgeting process, tracking deviations, forecasting costs, and supporting decisions that ensure financial alignment.

### 5. Risk and Issue Management

It's not about logging risks in a spreadsheet. A mature PMO actively escalates and mitigates issues, prioritizes based on impact, and ensures accountability for risk response plans.

### 6. Demand and Resource Management

No project succeeds without the right people. A PMO plays a vital role in long-term resource planning, skill matching, and balancing competing demands across portfolios.

These six capabilities represent the building blocks of a high-performing PMO, but not every organization is equipped to deliver them all at once. That's because PMOs exist on a spectrum, each with different levels of maturity, ownership, and integration. Some PMOs operate as supportive advisers, others as compliance guardians, while the most advanced serve as true delivery engines. Understanding where your PMO sits today is the first step toward unlocking its full potential.

## Why the PMO Often Underperforms

The concept of a PMO is not new. Most organizations have some form of project coordination, often involving templates, status reports, and oversight. Despite being widespread, PMOs are often undervalued seen more as administrative support than as enablers of business outcomes.

There are a few reasons for this:

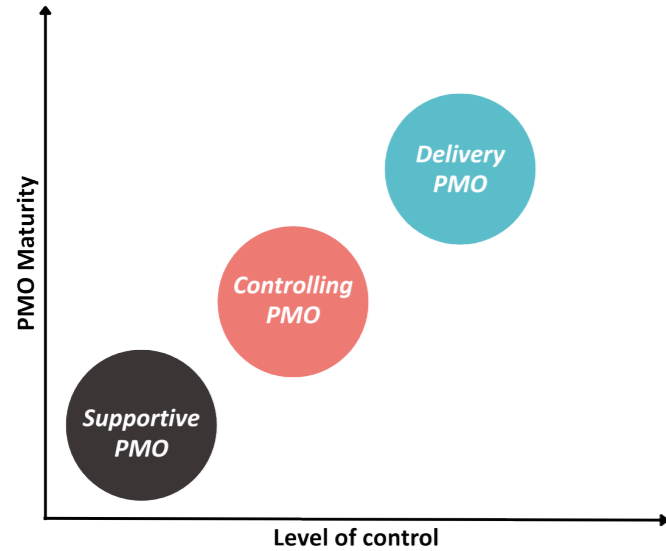
- PMOs are often set up with a narrow focus on control and reporting.
- Their roles are sometimes isolated from delivery teams.
- Leadership may see the PMO as overhead, rather than as a strategic partner

The result? A function that is well-intentioned but under-leveraged. A PMO that documents rather than drives.

But the landscape has changed. Projects today are more complex, interconnected, and high-stakes. The modern PMO must evolve from oversight to ownership.

## Understanding the PMO Spectrum: From Supportive to Delivery

PMOs are not all created equal. Their role depends largely on their level of control and maturity.



### 1. Supportive PMO

This type acts as a facilitator. It provides templates, guidelines, and best practices, often based on past experiences from projects, but it does not enforce them. The Supportive PMO is typically reactive, helping project teams upon request rather than taking initiative.

### 2. Controlling PMO

This model introduces more structure and governance. The PMO monitors compliance, tracks KPIs, and ensures processes are followed. It sits “above” delivery teams, ensuring alignment with organizational standards, but doesn’t directly manage tasks.

### 3. Delivery PMO

This is where transformation happens, where a De-

livery PMO not only owns execution but drives the frameworks it sets. It integrates with delivery teams, participates in day-to-day decision-making, and ensures that strategic plans are translated into operational action.

A Delivery PMO can be thought of as the queen on a chessboard: versatile, powerful, and essential. It works dynamically across initiatives, proactively solving problems, allocating resources, and navigating complexity.

### What It Takes to Become a Delivery PMO

Transforming into a Delivery PMO is not a cosmetic change. It requires fundamental shifts in structure, capability, and mindset. Here are some of the prerequisites:

#### 1. Organizational Buy-In

Leadership must view the PMO as a delivery partner, not just a control function. This means giving the PMO access to decision forums, involving them in strategic planning, and reinforcing their authority.

#### 2. Empowered Roles

Roles within the PMO need to be clearly defined, with responsibilities spanning beyond admin tasks. This may include portfolio leads, capability specialists, or resource strategists who can actively contribute to execution.

When organizations invest in the structure, mindset, and capabilities required for a Delivery PMO, the impact becomes tangible. This is not about adding more process—it’s about enabling smarter, faster, and more aligned execution. Here’s what changes when the PMO starts driving delivery.

### 3. End-to-End Integration

The PMO should be embedded throughout the project lifecycle, from initiation and planning to execution and closure. It should interact seamlessly with delivery teams, project leads, finance, HR, and senior leadership.

### 4. Data-Driven Management

A Delivery PMO relies on data, not only for reporting but for driving insight and action. Real-time dashboards, scenario modeling, and impact assessments are critical tools.

### 5. Tailored Tools and Templates

Standardization is important, but rigidity kills innovation. The Delivery PMO should provide frameworks that are customizable, context-aware, and designed to support, and not stifle, execution.

- It increases accountability by taking ownership of tasks across critical capabilities.
- It boosts agility by anticipating risks and making informed trade-offs quickly.
- It ensures alignment by connecting strategy to execution in real time.
- It improves resilience, particularly in complex or fast-changing environments.

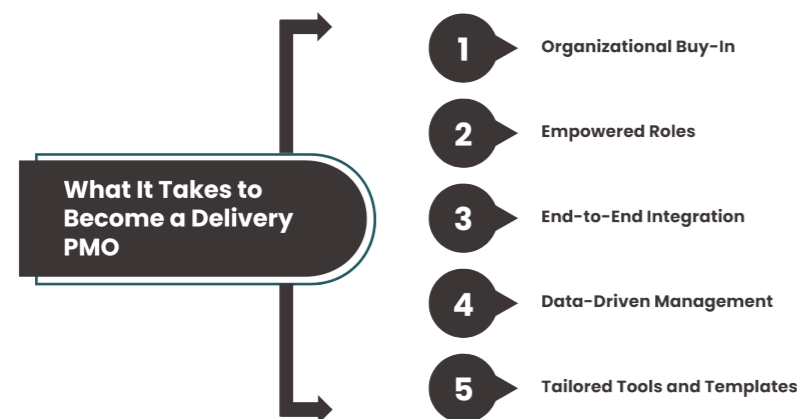
The delivery-focused model strengthens execution by accelerating decisions, improving coordination, and keeping teams focused on outcomes that matter.

## Why the Delivery PMO Model Works

In today’s environment of rapid change and increasing complexity, execution is everything. Whether launching new digital services, integrating acquisitions, or modernizing core systems, organizations need PMOs that don’t just monitor progress—but drive it. That’s where the Delivery PMO shines: as a hands-on partner for strategic execution.

At Opticos, we work with clients across industries to design and strengthen PMO functions that enable transformation. Whether helping establish foundational practices or scaling a mature model across portfolios, our approach focuses on practical enablers—clear roles, smart data, and delivery-focused governance. The goal isn’t to add layers of process—it’s to empower the PMO to lead.

By focusing on execution, a Delivery PMO becomes a catalyst for tangible business outcomes, unlocking value across four core dimensions:



# The Four Pillars to Succeed in Change Management

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Change management is a crucial process for any organization preparing to transition from one state to another. At Opticos, we understand that driving change means not just implementing new strategies but anchoring them within the organization to achieve long-lasting effects. Our experience in change management has shown us that the key to success lies in addressing four fundamental areas: Motivate, Involve, Enable, and Empower. These areas are applicable irrespective of the change management framework chosen, ensuring their universal relevance and effectiveness.

### Motivate: Creating the Drive for Change

The first stage of any change management process is motivation. At Opticos, we believe in preparing minds through clear communication of the benefits and necessity of the change. This is done through:

- **Establishing a Clear Vision:** We develop a concise, inspiring vision of the future state that resonates with all stakeholders.
- **Aligning Objectives:** By aligning the change with the organization's strategic goals, we ensure everyone understands its importance.
- **Creating Enthusiasm:** Through inspirational leadership and communication, we generate excitement and commitment towards the change.

### Involve: Engaging Stakeholders

Successful change cannot happen in isolation. Involving stakeholders at every level is crucial. We do this through:

- **Psychological Safety:** We create a safe environment where team members feel comfortable sharing their perspectives and concerns.

- **Inclusive Decision Making:** By involving diverse viewpoints, we ensure decisions are well-rounded and widely accepted.
- **Active Participation:** Encouraging active participation from all stakeholders helps build ownership and accountability for the change.

### Enable: Facilitating the Change Process

Enabling involves creating an environment that supports the change and makes it sustainable. Our approach includes:

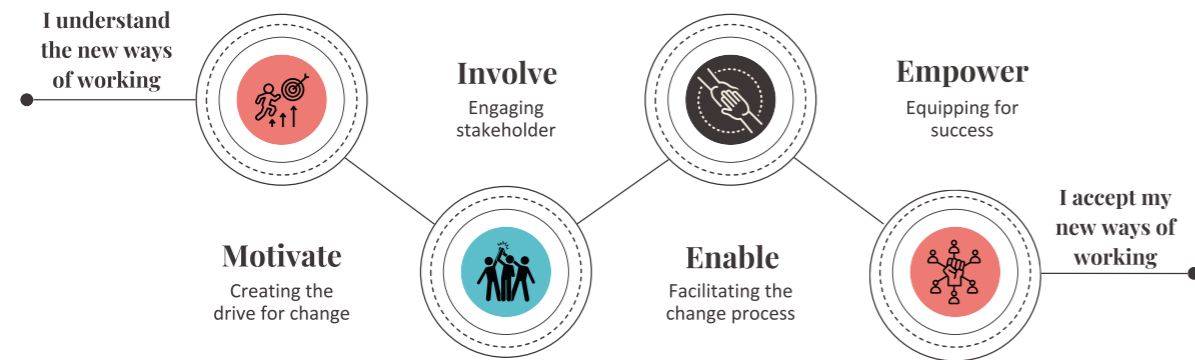
- **Training and Development Programs:** Comprehensive training programs equip employees with the skills needed for new ways of working.
- **Support Systems:** Building robust support systems, including mentoring and coaching, guides employees through the change.
- **Delegating Authority:** Empowering teams with the authority to make decisions gives them a sense of ownership and helps accelerate the change process.

### Empower: Equipping for Success

Empowerment involves providing the necessary tools, authority, and confidence to embrace change. We achieve this by:

- **Infrastructure and Resources:** Providing the necessary infrastructure and resources to support new processes and technologies.
- **Continuous Improvement:** Implementing feedback loops to continuously refine and improve the change process.
- **Reinforcement:** Reinforcing new behaviours through recognition and rewards ensures that the change is anchored and becomes part of the organizational culture.

Driving change management means getting successfully from one state to another



**Opticos' Proven Framework**

At Opticos, our change management framework is agnostic, allowing us to tailor our approach to the specific needs of each organization. We leverage well-known frameworks such as Kotter's 8-Step Process and Prosci's ADKAR model, integrating them into our unique toolbox to drive successful outcomes.

**Conclusion**

Change is not a straight line, and navigating it requires careful planning and execution. At Opticos, our expertise in motivating, involving, enabling, and empowering teams has helped numerous organizations achieve their desired business benefits through effective change management. Our commitment to sustaining change ensures that it goes beyond implementation and has a lasting impact on the organization.

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