Are there Digital Transformations – or just Digital Cleanups?

Observations from industry by a «digital junky»
ResearchXchange, 22. October 2021
Goals for today

- Presentation of exciting research
- Rigorous scholarly and academic review of an important area
- My industry perspective on a topic that more and more people are talking about
- My perspective on a related trend now visible in industry
My own digital journey as a “Digital Junky”

Physics Ph.D 1998
Research physicist @ Max-Planck-Institute

Transition to IT Consultant in 2000
HP Consulting & Integration
Speciality: Digital Transformation projects

Led or participated in over 200+ IT Projects, many of them true “Digital Transformations”

Starting around 2019 . . .
Digitally Shocked!

But first . . . A bit of background and context
Are digital transformations really that old?

Answer: YES!

The earliest rollouts of "data processing" in business was all about realizing the benefits of digital

Have they always been impactful?

Answer: YES!

In some ways, probably more so than today.

Today, everyone knows what a computer is . . .
Why am I a “digital junky?”
Why are digital transformation projects so appealing?

Transformation projects . . .

• achieve something meaningful
• are challenging, with many pitfalls
• big chances to fail that must be avoided. Some can be planned for, the important ones must be recognized then managed in-flight

But especially, *It’s all about the PEOPLE!*

*These projects – more than any other - let you build and establish very strong business relationships that can last for years!*

But . . . Around 2019 I was shocked!
Starting around 2019 . . .

Don’t Wait
to start your Digital Transformation!

Buy our Router today!

Hmmm . . .
a router???
. . . then the explosion began

Why storage matters in your Digital Transformation!

Without a Low Code Development Platform, most Digital Transformations are just doomed to fail!

A conceptual framework to support Digital Transformation

This is not helping me!
Whatever is happening . . . It’s everywhere!

“I think we really need a Digital Transformation”
Satire is not so far from reality . . .

Nobody knows what ‘digital’ supposed to mean

“MEDIA workers talking about ‘digital’ do not have the slightest clue what it is, according to new research.”

October 2021
A look back in time

"Digital Transformation"
Source: Google Books Ngram

“...provides executives with a road map for leading their companies through the transition from business to e-business.”

Taking a business, and making an Internet E-Business
Digital Transformation Category I «Innovation»

**Definition**

An enterprise wants its customers to “feel” the innovation, reflecting well on the enterprise’s brand.

**Management experiences**

Straightforward to manage

**Personal feedback**

Project participants and stakeholders generally excited and positive. Any fear for the future is more than compensated by the potential positive outcomes.
Digital Transformation Category II «Regulatory Requirement»

**Definition**

An enterprise is compelled to digitize by an external factor (such as compliance)

**Management experiences**

Straightforward

**Personal feedback**

Project participants and stakeholders generally support the project or at least offer no active resistance. “Resistance is futile”
Digital Transformation Category III «Process Improvement»

Definition

An enterprise digitizes processes or operations in order to achieve improvements in efficiency or esp. manageability (e.g. you cannot manage what you cannot measure)

Management experiences

Standard.

Personal feedback

Enterprises have smart people. It’s the year 2021. If processes could easily be digitized with significant low-hanging fruits, they probably would have been digitized already. 1995 – 2005 were very hot years for digital projects.
Digital Transformation Category IV «Very large transformation»

Definition

Significant new digital processes accompanied by org changes, to "change the way we work."

Management experiences

Very challenging. The people aspects are frequently more important than any other consideration; often HR plays an integral role in the project.

Frequently “High Adversity Coefficient” projects

Personal feedback

Most important consideration: at best, these categories can entail significant disruption for employees; at worst, they entail job loss. A successful transformation must have real leadership, not just management.
Digital Transformation Category V «Non-Digital Transformation»

**Definition**

"We change the way we work" (fully exploiting what digital makes possible e.g. “The World is Flat”)

**Management experiences**

IT management and general transformation management are both essential.

**Personal feedback**

Two challenges: not knowing the best-practices and critical success factors of transforming. But also not knowing the best-practices and critical success factors of steady-state operations
Established Transformation Best-Practices are not enough . . . you have to «learn-by-doing» what works best for you

E-Procurement (greenfield)

- Know-How of industry transformation practices?
- Know-How of what for the specific people in the specific orgs works best?

E-Learning (brownfield)

- Know-How of industry transformation practices?
- Know-How of what for the specific people in the specific orgs works best?

Switzerland’s largest private employer - 110K+ employees. At present undergoing significant transformation, simultaneously, in many areas
Type I: Digital Clean-Up

Many new parts, some new capabilities, but no fundamental change to the most important capability:

Before it could take you from Point A to Point B. After, it still takes you from Point A to Point B.
Type II: Digital Transformation

From this

Same basic parts . . . whole new capabilities!

To this

Optimus Prime Since 1984
How do you distinguish between Digital Transformations vs. Digital Clean-Ups?

WE CHANGE THE WAY WE WORK
New trends I’ve observed in industry . . . The new generation

“The children now love luxury; they have bad manners, contempt for authority; they show disrespect for elders and love chatter in place of exercise. Children are now tyrants, not the servants of their households. They no longer rise when elders enter the room. They contradict their parents, chatter before company, gobble up dainties at the table, cross their legs, and tyrannize their teachers.”

Socrates
469 – 399 B.C.

This is NOT what I’m talking about!
The management hierarchy is culturally segregated

<table>
<thead>
<tr>
<th>Level</th>
<th>Generation</th>
<th>Age Range</th>
<th>Digital Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO / Executives</td>
<td>Baby-Boomers</td>
<td>57+ years old</td>
<td>“Digitally challenged”</td>
</tr>
<tr>
<td>Senior management</td>
<td>Gen-X</td>
<td>41 – 56 years old</td>
<td>“Digitally aware”</td>
</tr>
<tr>
<td>Middle management</td>
<td>Millennials</td>
<td>25 – 40 years old</td>
<td>“Digitally savvy”</td>
</tr>
<tr>
<td>New hires</td>
<td>Gen-Z</td>
<td>9 – 24 years old</td>
<td>“Digital natives”</td>
</tr>
</tbody>
</table>
IT Roundtable, 15. July 2021

**Topic 2. The Impact of Generational Change on Digital Transformation**
- The influence of Gen Z & the adaptions required from organisations to meet their rising expectations
- The effect of millennials taking on more decision-making roles
- Spotlight on changes in business practices and behaviour
- The evolution of technologies; how younger generations and digital natives perceive and interact with technology differently to their predecessors

My personal takeaways . . .

(1) Large companies in Switzerland are feeling these effects, some very much

(2) Different companies have already implemented different experiments to address

**MY OBSERVATION:** this is OFFSHORE all over again! Everyone recognizes change is coming, nobody quite sure of the exact best-practices and critical success factors, lots of experimentation

**QUESTION:** Can we learn from the past and develop “accelerators?”
Summary and Conclusion

(1) If you are going to do something digital, go for a Transformation, not a Clean-Up!

"We change the way we work!"
Summary and Conclusion

(1) If you are going to do something digital, go for a Transformation, not a Clean-Up!

(2) Be sure to have Optimus Prime on your side! (Real transformations take LEADERSHIP, not management)

"We change the way we work!"
Summary and Conclusion

(1) If you are going to do something digital, go for a Transformation, not a Clean-Up!

(2) Be sure to have Optimus Prime on your side! (Real transformations take LEADERSHIP, not management)

(3) MOST IMPORTANT! It’s not about the digital – forget about the digital. IT’S ALL ABOUT THE PEOPLE!

“We change the way we work!”