The Digital Transformation Cookbook

SAI Webinar 19/10/2022

Strategy Management

Portfolio Management

Program Management

Project Management
Service Management

Governance

Organizational
Change Management
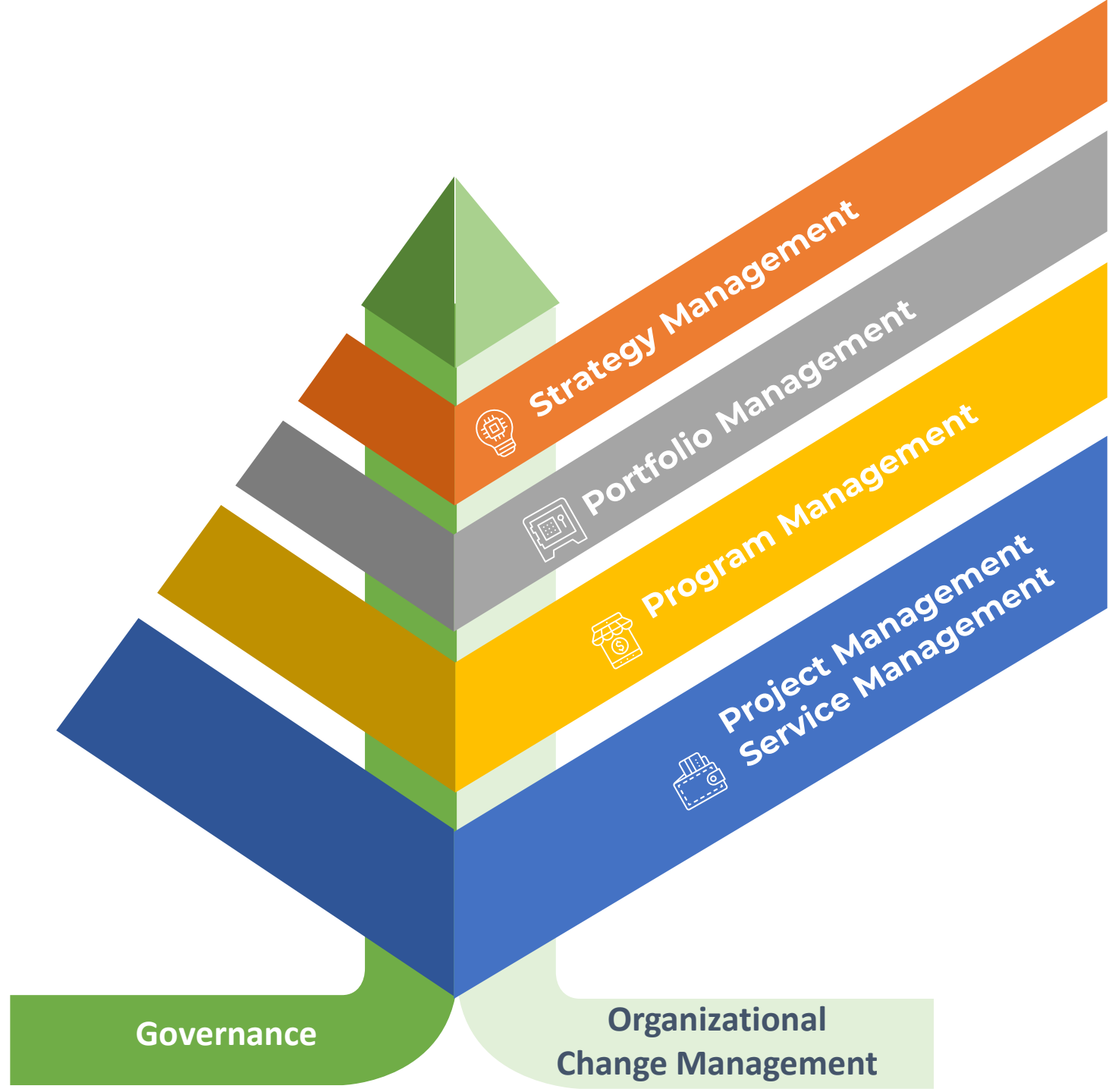
Welcome!

Pleased to meet you…

- Corné de Graaf
- Management Consultant @ Xedis

Practical details

- Language
- Mute throughout the session
- Possibility to ask questions
  - At the end of this session
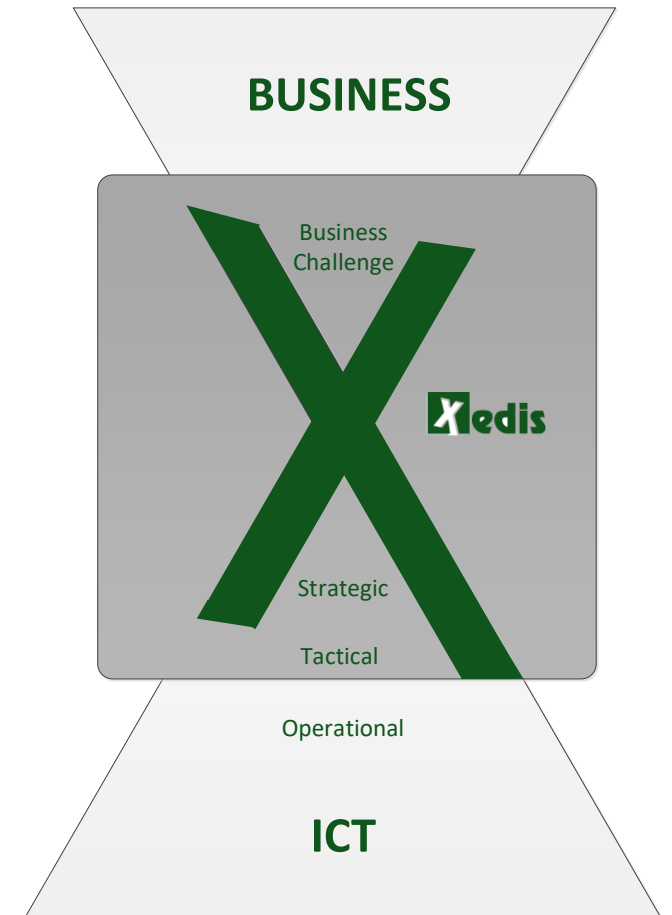 - Afterwards: corne.de.graaf@xedis.be or via linked-in

Who are we?

We are Management Consultants

We help companies to **harmonize** their **ICT** with their **business strategy**.

We are no technicians, but we address the organization of people, processes, partnerships and tools that are necessary to achieve the business goals.

Agenda

WHY

HOW

WHAT

Why Digital Transformation?

How to get started?

What do you need?

The recipe

The ingredients
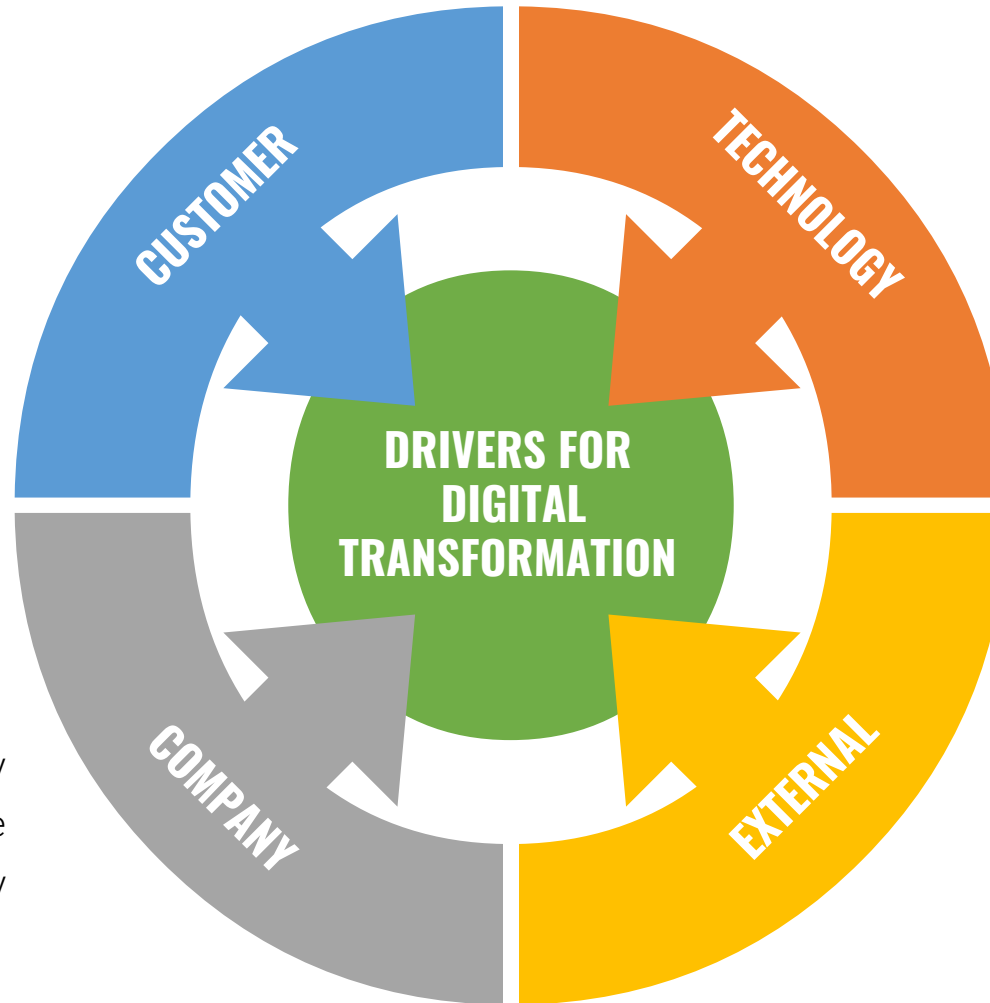
Why digital transformation?

What are the business challenges?

Today's business challenges

Changing customer expectations like:
Faster service delivery, 24/7 support
Onmi-channel communication
Transparent service offering

Cloud computing
Big data
Artificial Intelligence, IoT

CUSTOMER

TECHNOLOGY

DRIVERS FOR DIGITAL TRANSFORMATION

COMPANY

EXTERNAL

Need for efficiency
Need for revenue/market share
Need for scalability

From local to global marketplace
New business models / platforms

Digitization forces companies to rethink their business model
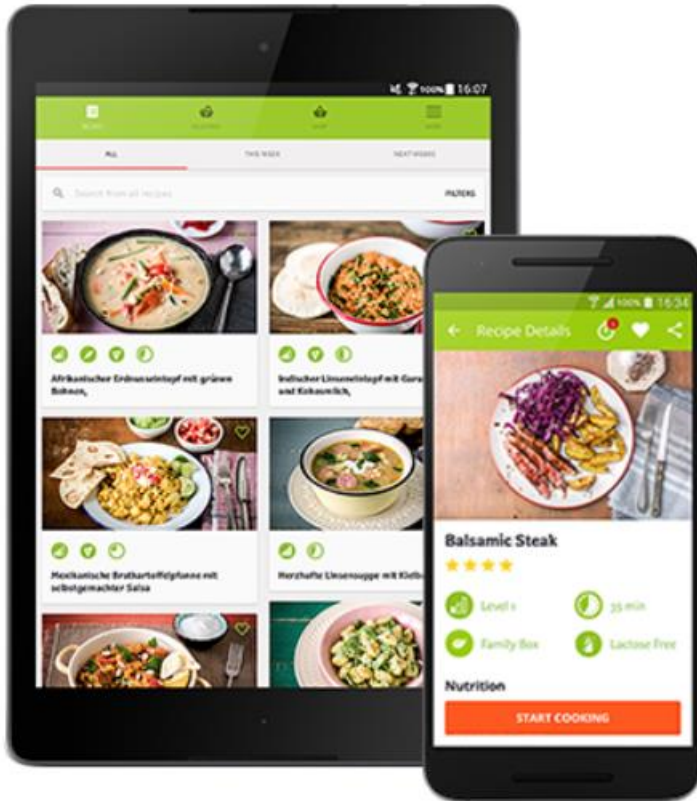
What is Digital Transformation?

A brief introduction

What is Digital Transformation?

Digital transformation is the **integration of digital technology** into all areas of a business, thereby **changing the business model** and providing **new revenue and value-producing opportunities**.

This process of moving to a digital business **fundamentally** changes how you **operate** and **deliver value** to customers. It's also a **cultural change** that requires organizations to **continually** challenge the status quo, **experiment** and get **comfortable with failure**.

This means walking away from long-standing business processes that companies were built upon, in favour of relatively new practices that are still being defined.
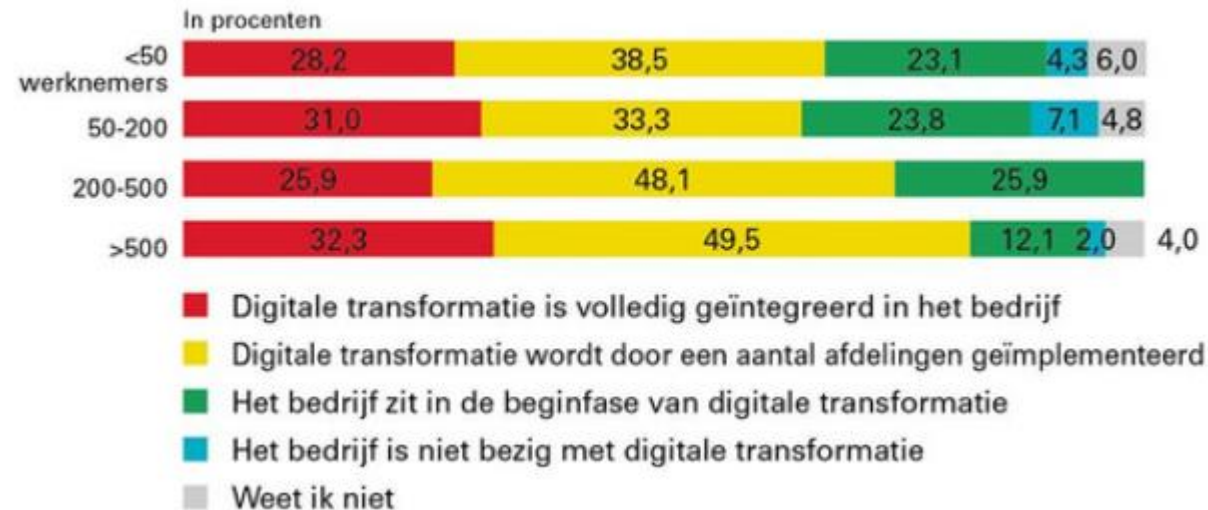
What is different in a digital business?

	Traditional business	Digital business
Key assets	Physical	Information
Time scale	Batch oriented	Realtime, 24/7
Geography	Constrained	Global
Key decision approach	Experience and expertise driven	Data driven and experimental
Processes	Physical	Digital
Products	Physical	Digital
Market boundaries	Industry	Ecosystem

What do Belgian companies think about digitization?

Op een schaal van 1 tot 10, hoe belangrijk is digitale transformatie voor/binnen uw bedrijf?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

▲ 7,8

Hoe ver staat uw bedrijf wat digitale transformatie betreft?

In procenten

	Rood	Geel	Groen	Blauw	Grijs
<50 werknemers	28,2	38,5	23,1	4,3	6,0
50-200	31,0	33,3	23,8	7,1	4,8
200-500	25,9	48,1	25,9		
>500	32,3	49,5	12,1	2,0	4,0

- 🟥 Digitale transformatie is volledig geïntegreerd in het bedrijf
- 🟨 Digitale transformatie wordt door een aantal afdelingen geïmplementeerd
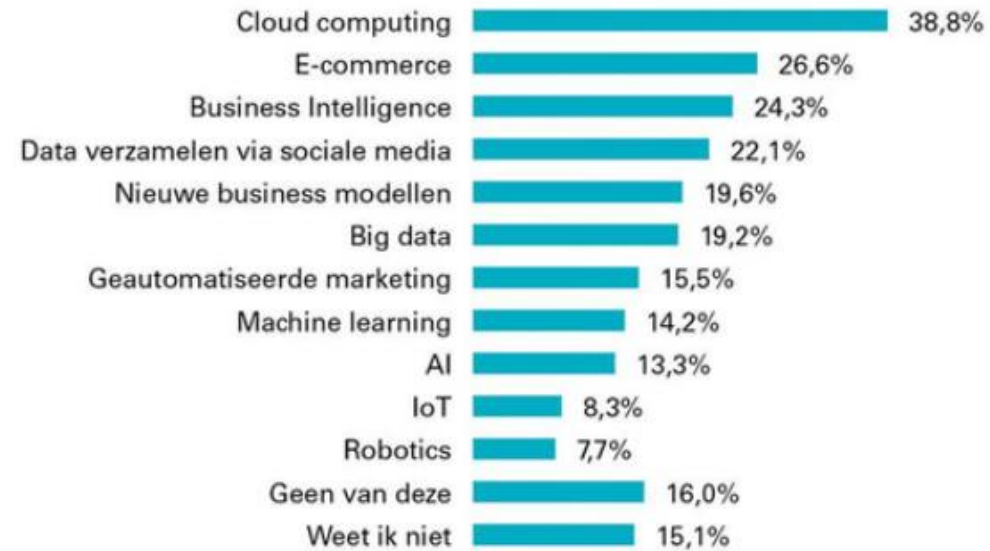- 🟩 Het bedrijf zit in de beginfase van digitale transformatie
- 🟦 Het bedrijf is niet bezig met digitale transformatie
- ⬜ Weet ik niet

What do Belgian companies think about digitization?

Welk van de volgende toepassingen wordt in uw bedrijf geïmplementeerd?

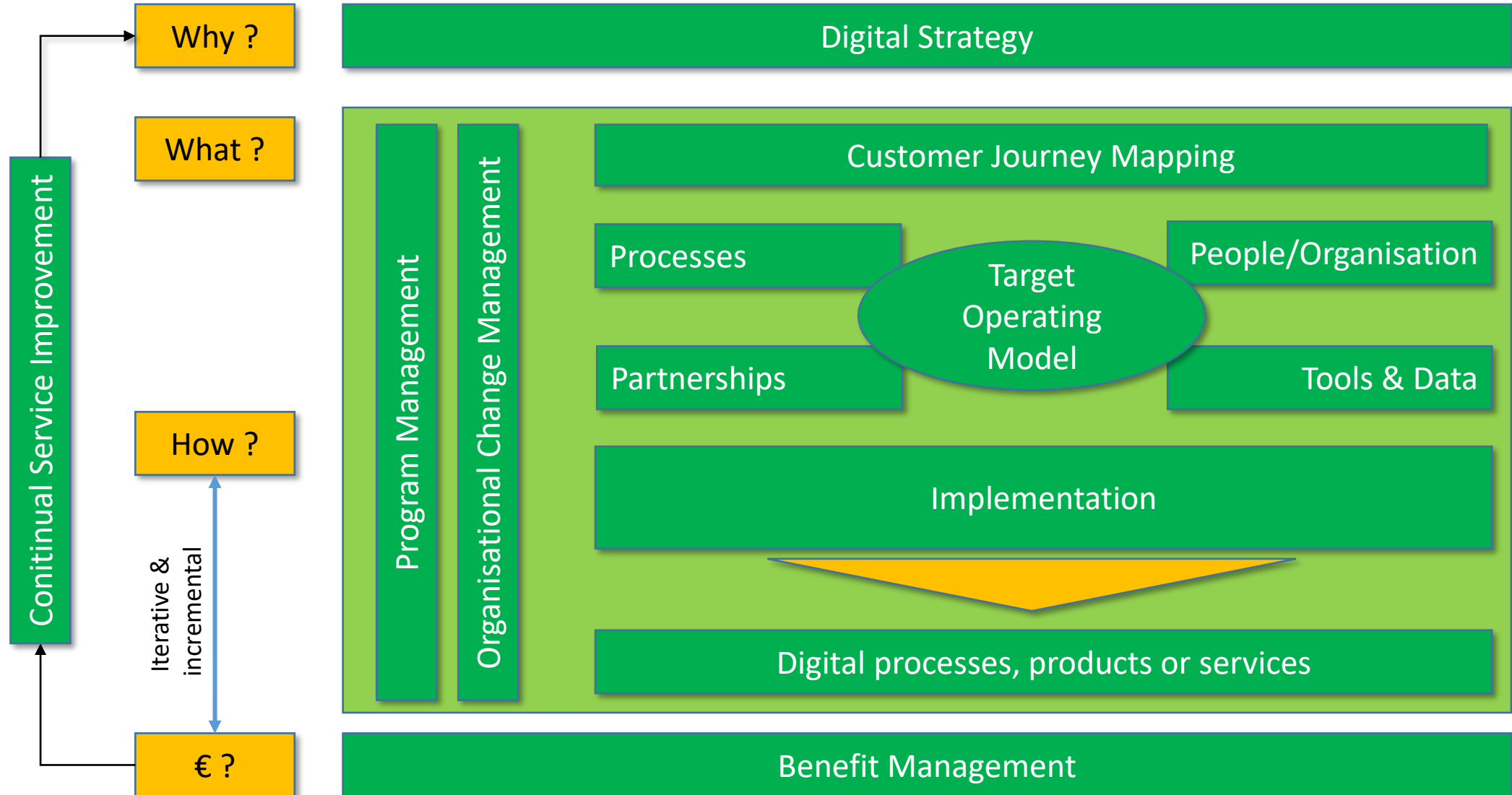| Toepassing	%
Cloud computing	38,8%
E-commerce	26,6%
Business Intelligence	24,3%
Data verzamelen via sociale media	22,1%
Nieuwe business modellen	19,6%
Big data	19,2%
Geautomatiseerde marketing	15,5%
Machine learning	14,2%
AI	13,3%
IoT	8,3%
Robotics	7,7%
Geen van deze	16,0%
Weet ik niet	15,1%

The cookbook

Overview

Digital Transformation

The steps in the cookbook...

Digital transformation step by step…

1. Digital Strategy

Apply a holistic approach and define who your customers are, what they want, and define your strategy accordingly.

2. Program Management

Define the Digitization Program and its governance structure

3. Organizational Change Management

Make sure that the impact of the transformation on people is recognized and being taken care of

4. Target Operating Model

Design how you will work in the future (People, Process, Tools & Data and Partnerships)

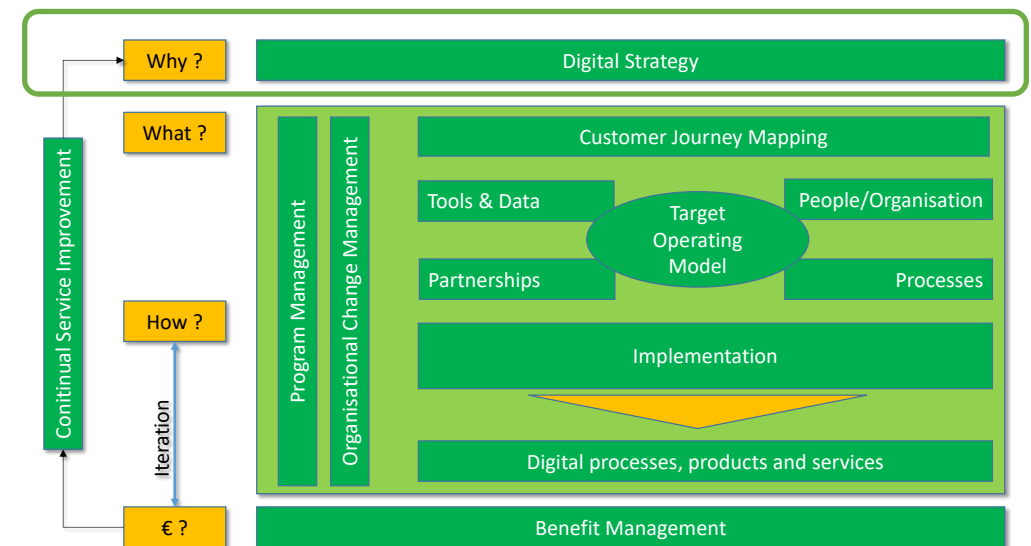**5. Partnership Management: create the ecosystem**

Setup a digital ecosystem, together with (outsourcing) partners, to co-create value to you customers

6. Quality Assurance on the external implementation partner(s)

Ensure the implementation partner(s) deliver what has been contractually agreed upon

7. Benefit Management and Continual Service Improvement (CSI)

Ensure benefits are realized and start to continually improve the digital services
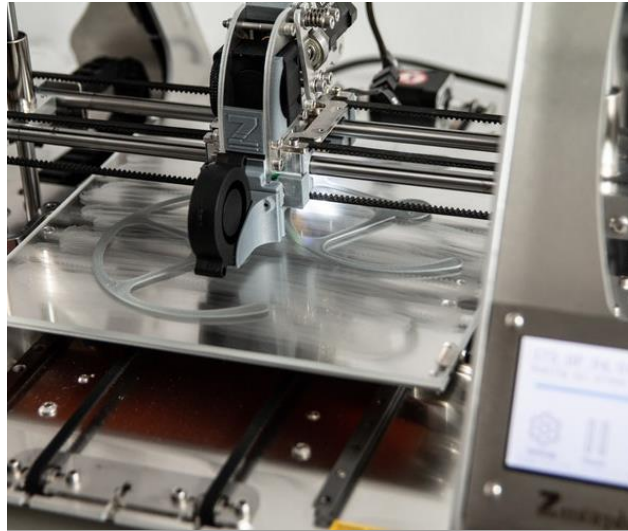
Digital strategy
You need a view on what you want to cook: what does the customer want?

CUSTOMER INTIMACY

- Excel in customer service
- Services tailored to customer needs
- Large service diversity
- Close relationship with customer
- CRM
- Service Level Management

OPERATIONAL EXCELLENCE

- Excel in operations and execution
- Low price
- Focus on efficiency
- Limited services diversity
- High reliability
- Supply chain management
- Lean

PRODUCT LEADERSHIP

- Excel in product innovation
- Focus on design and development in short timeframe (short time-to-market)
- Superior market branding
- High margins
- Flexible organizations

Digital strategy

From a traditional to a new, digital approach

Rather than focus on only one strategic 'discipline' or 'generic strategy'

- Complete all three strategic dimensions at once

- Enter the market better, cheaper and customised

- Innovate constantly

Source: Downes and Nunes HBR 2013 (p.52; p.4) and 2018.

Digital strategy
Exploring what you want to offer to your customer

1. Digitizing processes

2. Digital enhancement of existing products or services

3. New digital products or services

Samsung family hub refrigirator

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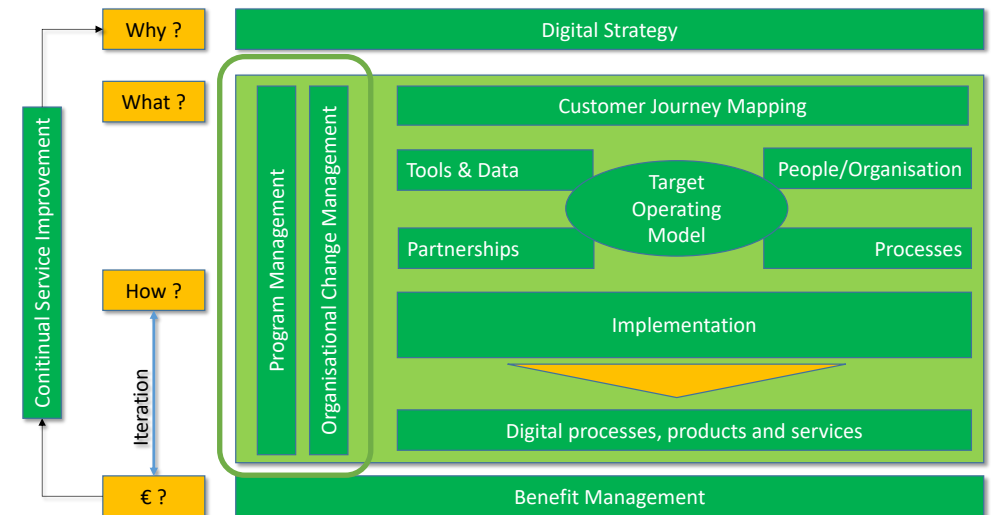**5. Partnership Management: create the ecosystem**

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Program & Organizational Change Management

Ensure you have the right environment to start cooking

- Digital Transformation is typically a large scale initiative, requiring a Program structure
- Given the impact on the individuals involved, an organizational capability is needed to integrate change management in the DNA of the organization

Stakeholder alignment

Data-driven focus on employee experience

Pushing continuous change

Digital transformation step by step…

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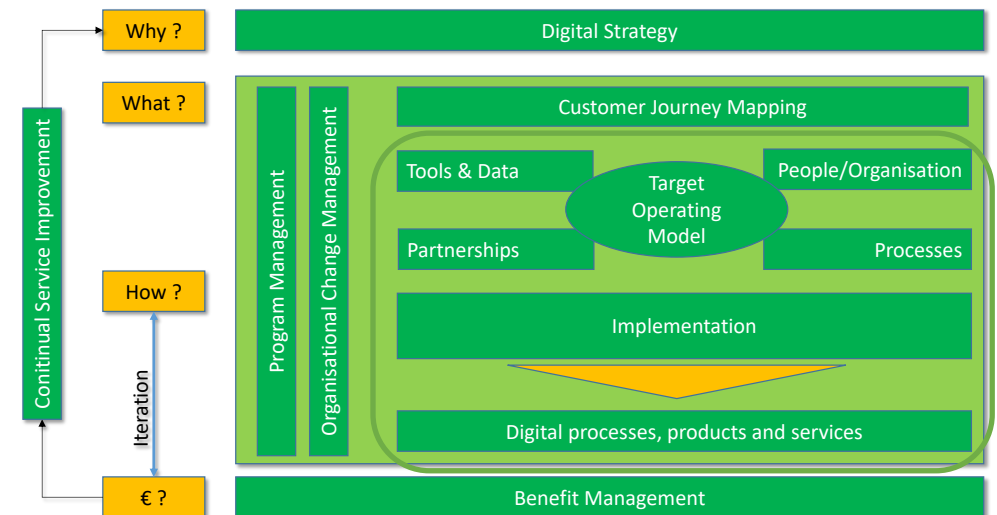**5. Partnership Management: create the ecosystem**

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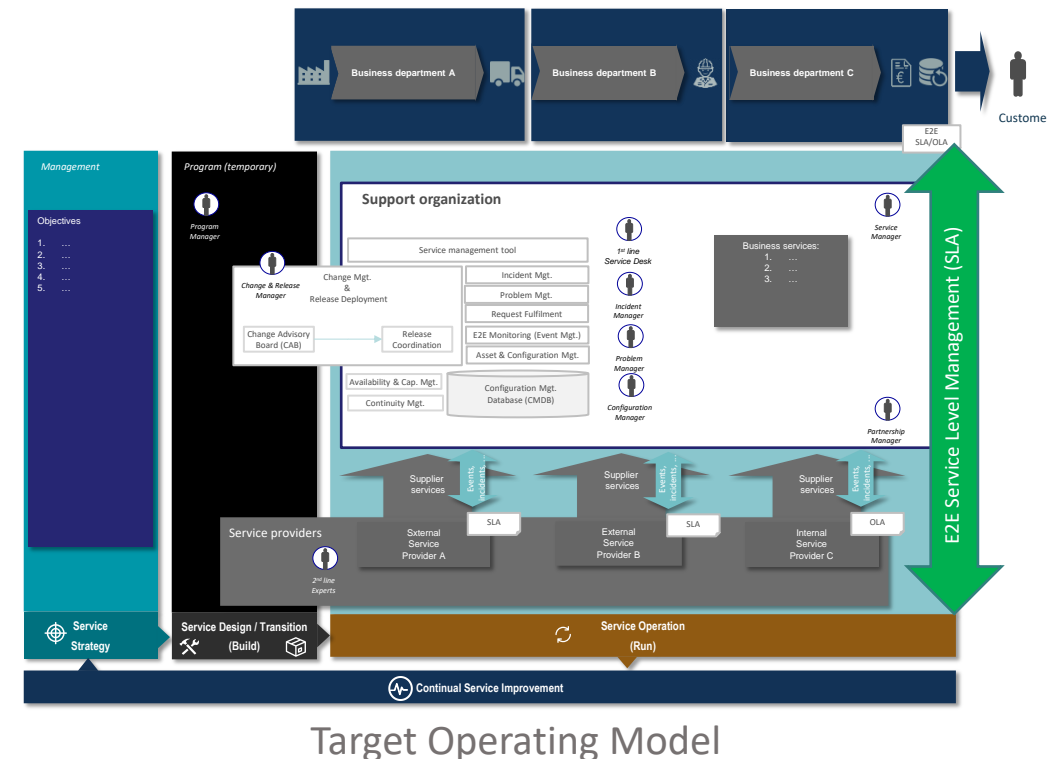
TOM, Partnership management and Quality Assurance

Ensure you have the right enablers: the chef, personnel, partners, processes and cooking gear

Based on the Digital Strategy and Customer journeys, the TOM is designed and implemented

- Holistic approach
- Human centered design: Know Your Customer (KYC), more customer touchpoints
- Needs to be scalable

- People
  - Culture
  - Fail forward

- Processes
  - Business and IT processes
  - Enterprise Architecture

- Partners
  - Usually done in cooperation with (ecosystem) partners
  - Need for Quality Assurance

- Technology
  - Big data: KYC
  - Focus on frontend and backend integration (APIs)

Target Operating Model

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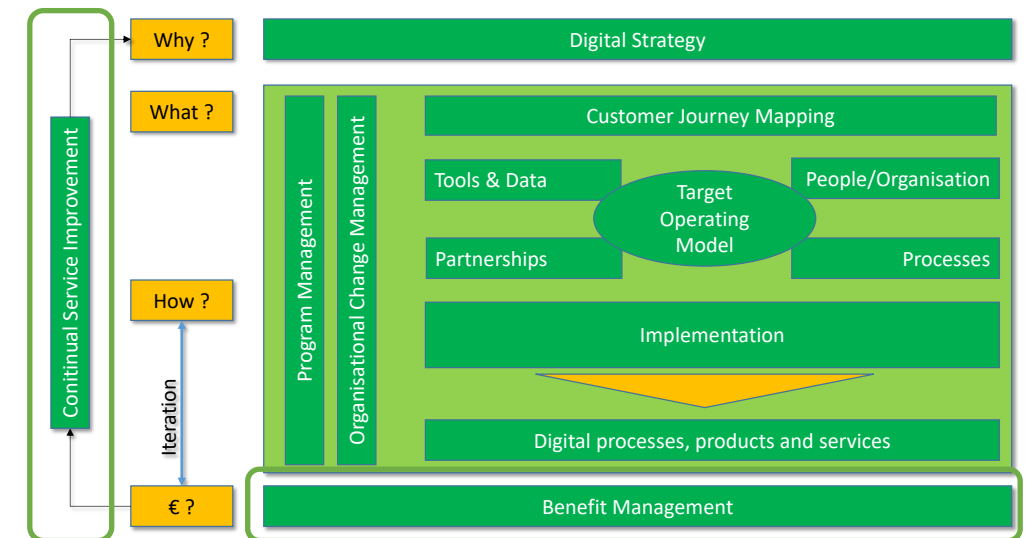**5. Partnership Management: create the ecosystem**

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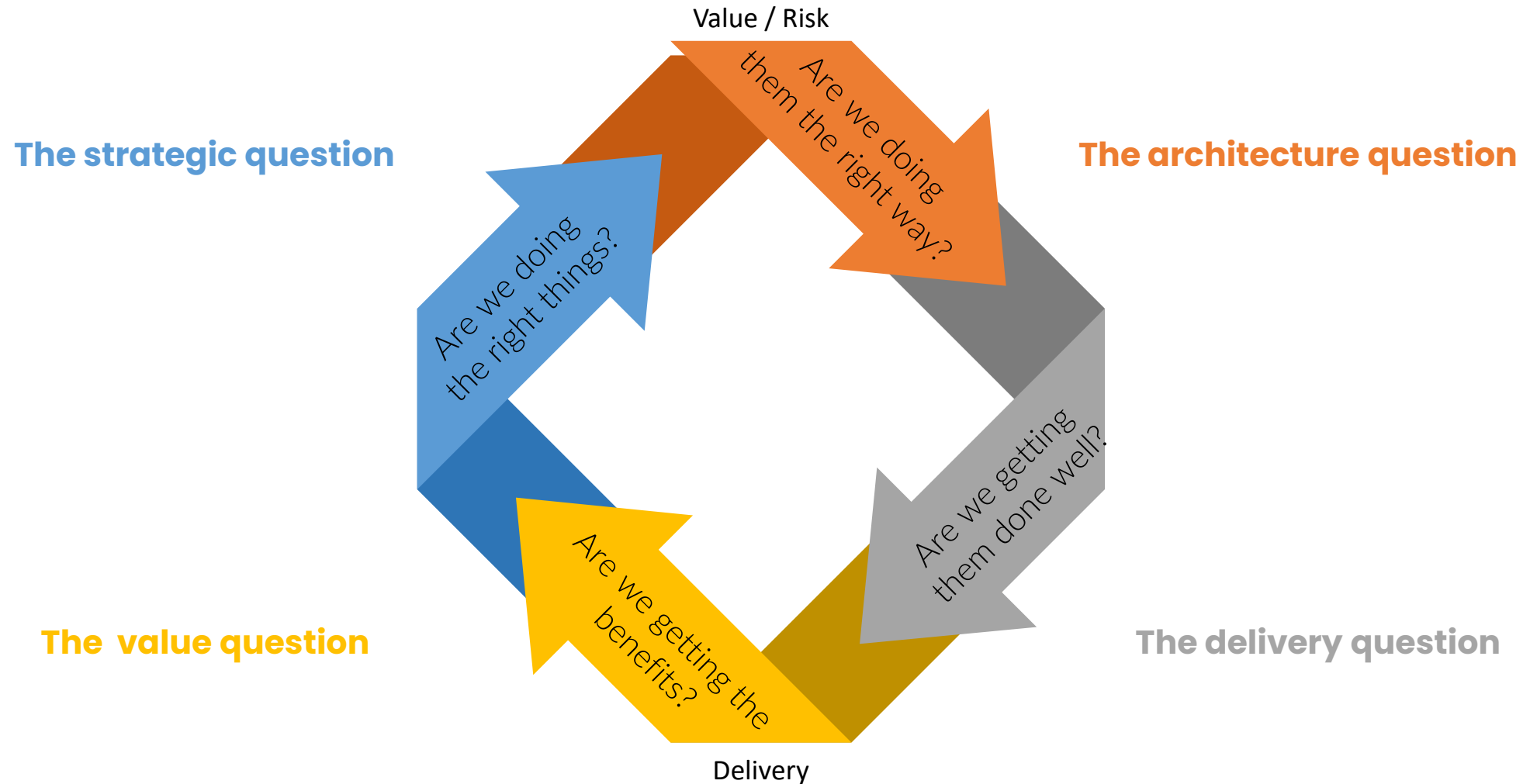Ensure the implementation partner(s) deliver what has been contractually agreed upon

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Benefit management and Continual improvement

Ensure the customer is satisfied and next time, do better!

The strategic question

The architecture question

Value / Risk

Are we doing them the right way?

Are we doing the right things?

Are we getting them done well?

Are we getting the benefits?

The value question

The delivery question

Delivery

So how to get started?
Some takeaways…

- Start with a vision
  - Start with a holistic view and fill in the pieces of the puzzle little by little
  - First you want to ensure you are doing the right things, before doing the things right…

- Focus on the customer

- Consider an Agile way of working
  - Iterative
  - Incremental: limit the scope (big=bad)

- Embed Quality Assurance to manage your partners

- Don't underestimate the human aspect of the change

Thank you for your attention!

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