



Digital Maturity – Concept and Application



IT ALL STARTS HERE

BERLIN | LONDON | MADRID | PARIS | TURIN | WARSAW

Digitization vs. Digitalization Digital Transformation

What are the drivers of digitalization and digital transformation?

Why does the business landscape change?



What exactly changes in the business landscape?



The impact of digital transformation

Business

Society

Why does society change?

What exactly changes in society?

The need for organizations to transform

Why is it relevant for companies to adapt to these changes?

How can the level of a company's digital transformation be assessed?

How can organizations know how to become more digital?

The concept of digital maturity

Maturity Models





Maslow's hierarchy of needs

Digital Maturity Models

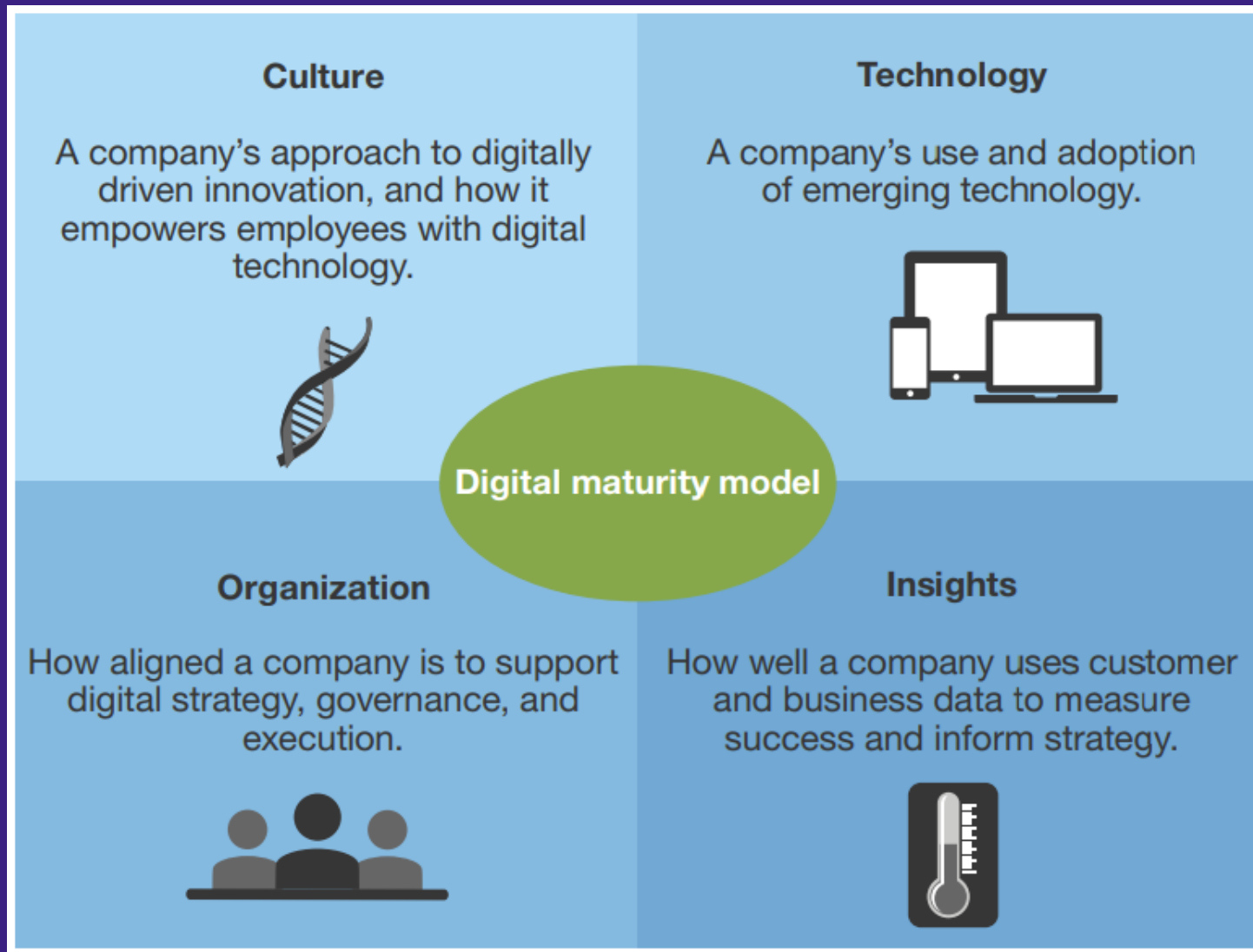


Architecture





Dimensions / Building Blocks

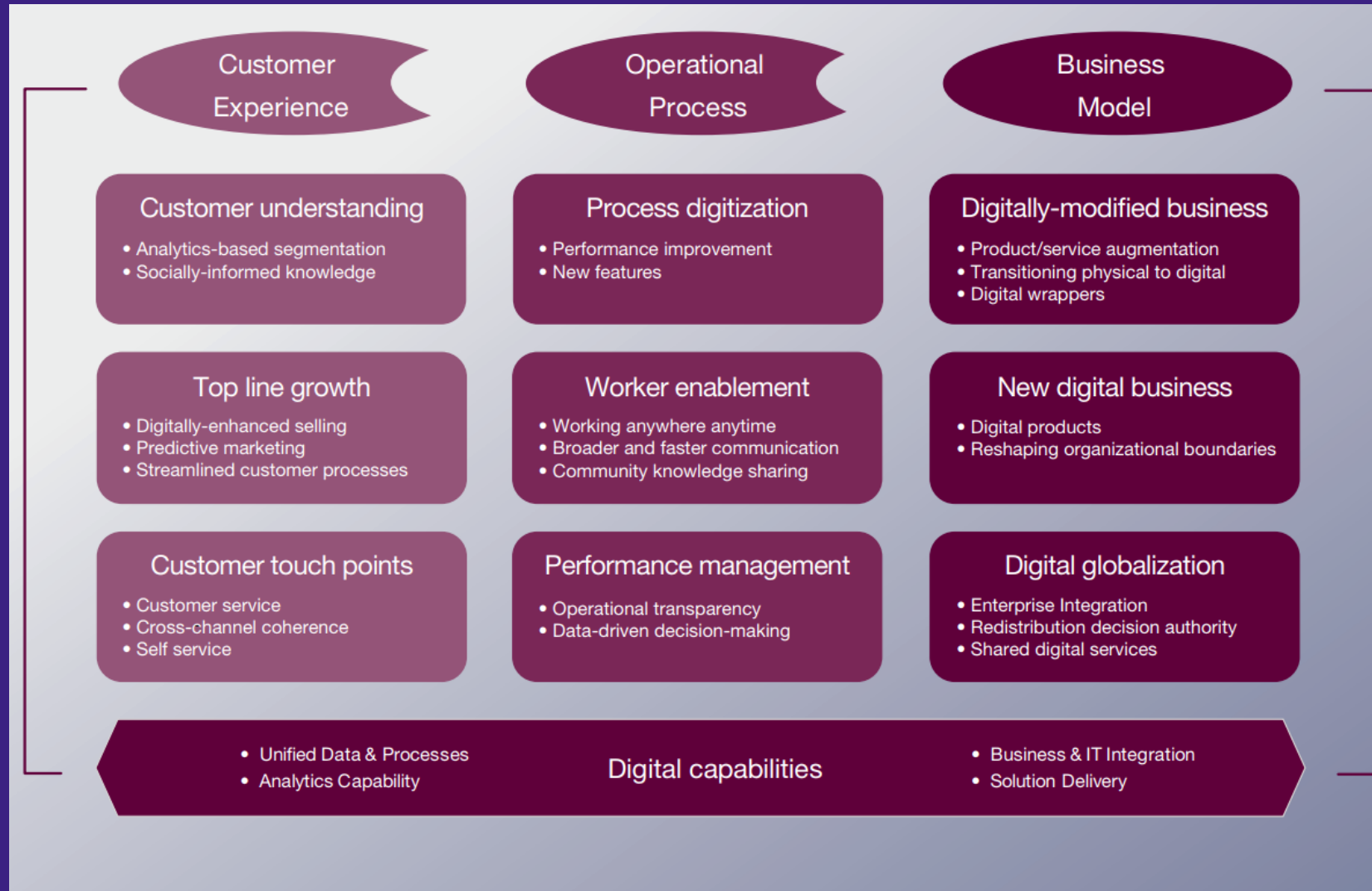




What could be other dimensions in addition to *Culture, Technology, Organization & Insights?*




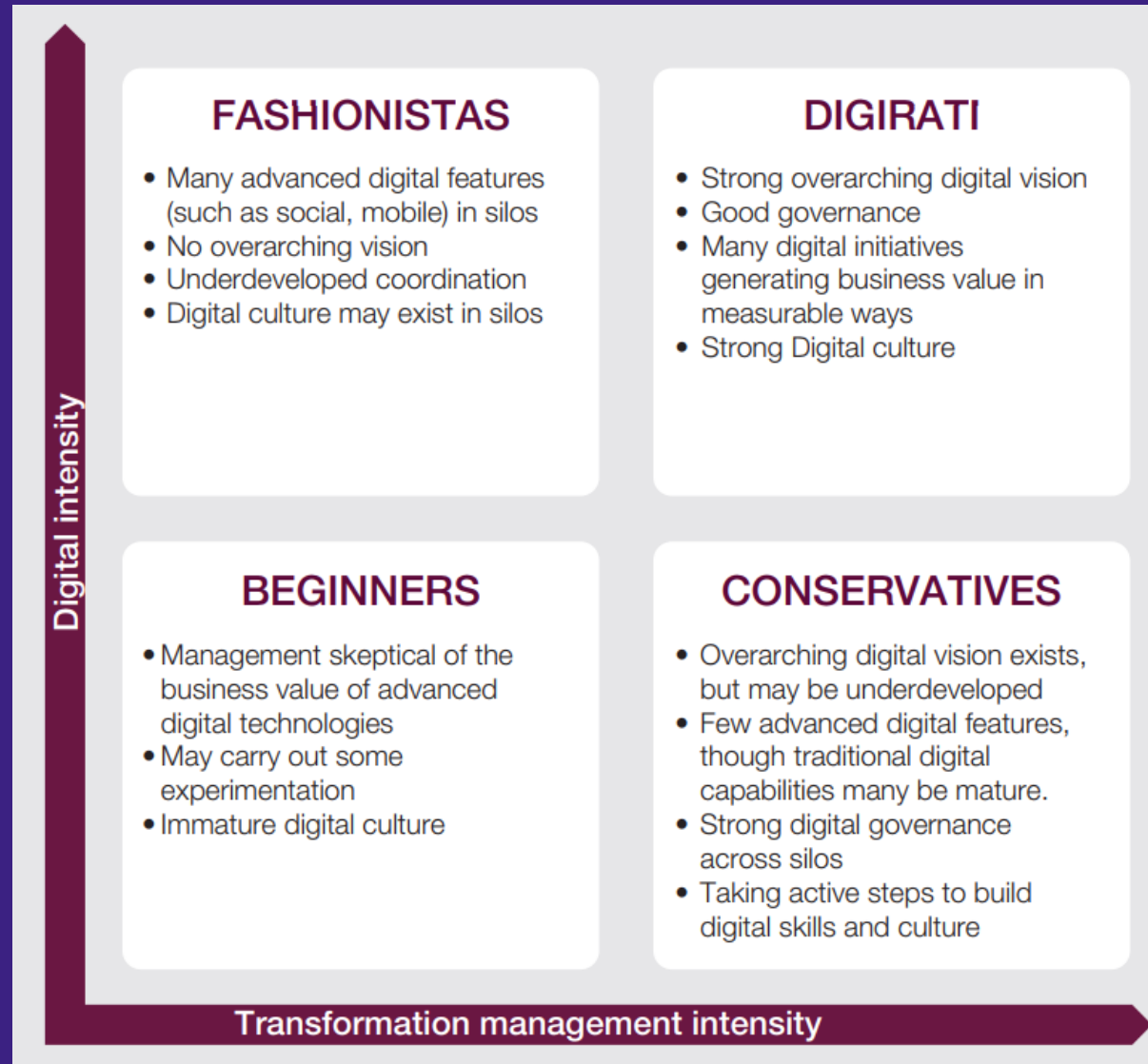
Dimensions	Central Concepts	Reference Models (e.g.)
Broader Organization		
Culture & Expertise	Culture of mistakes and propagation of digital competencies	Berghaus et al. (2016), Gill and Van Boskirk (2016)
Collaboration	Provide flexible working models and opportunities for collaboration	Berghaus et al. (2016), Catlin et al. (2015)
Operational Processes	Process efficiency, Process agility, adaptability, continuous reevaluation	Westerman et al. (2012), Colli et al. (2018)
Business Model	Product/ Service augmentation, Transitioning physical to digital, new digital business	Westerman et al. (2012), Lichtblau et al. (2015)
Customer Experience	Customer Understanding, Customer touch points, digitally enhanced selling	Westerman et al. (2012)/ Berghaus et al. (2016)
Management		
Digital Strategy	Strategic alignment with digital challenges and systematic prioritization of digital projects	Berghaus et al. (2016), Catlin et al. (2015)
Designated Roles and Positions	Designated position/ roles in charge of steering the transformation, clearly defined	Berghaus et al. (2016) <i>see transformation mngt.</i>
Performance Measurement	Targets are defined, measurable and transparent, continuously monitored	Berghaus et al. (2016) <i>see transformation mngt.</i>
Management Support	Top management drives digital projects forward	Berghaus et al. (2016)/ <i>see transformation mngt.</i>
Product Innovation	Improving processes with regards to the product	Westerman et al. (2012)/ Berghaus et al. (2016)
Information Technology		
IT Usability	Provide internal users with services that are intuitive and easy to use, functional support	Nolan (1992)
IT Automation, Integration & Security	Degree of IT automation, integration, security	Nolan (1992)/ Westerman et al. (2012)/ Berghaus et al. (2016)
Requirements Management	Common understanding of requirements that need to be addressed by IT, basis for planning	Paulk et al. (1993)
Technology Change Management	Identifying beneficial new technologies and transfer them into the organization	Paulk et al. (1993), Catlin et al. (2015)
Process Change Management	Continually improve the software processes quality, productivity, decreasing cycle time	Paulk et al. (1993)
 <i>Refined after Interviews</i>  <i>Has not yet been covered by DMMs</i>		



Digital Maturity Levels



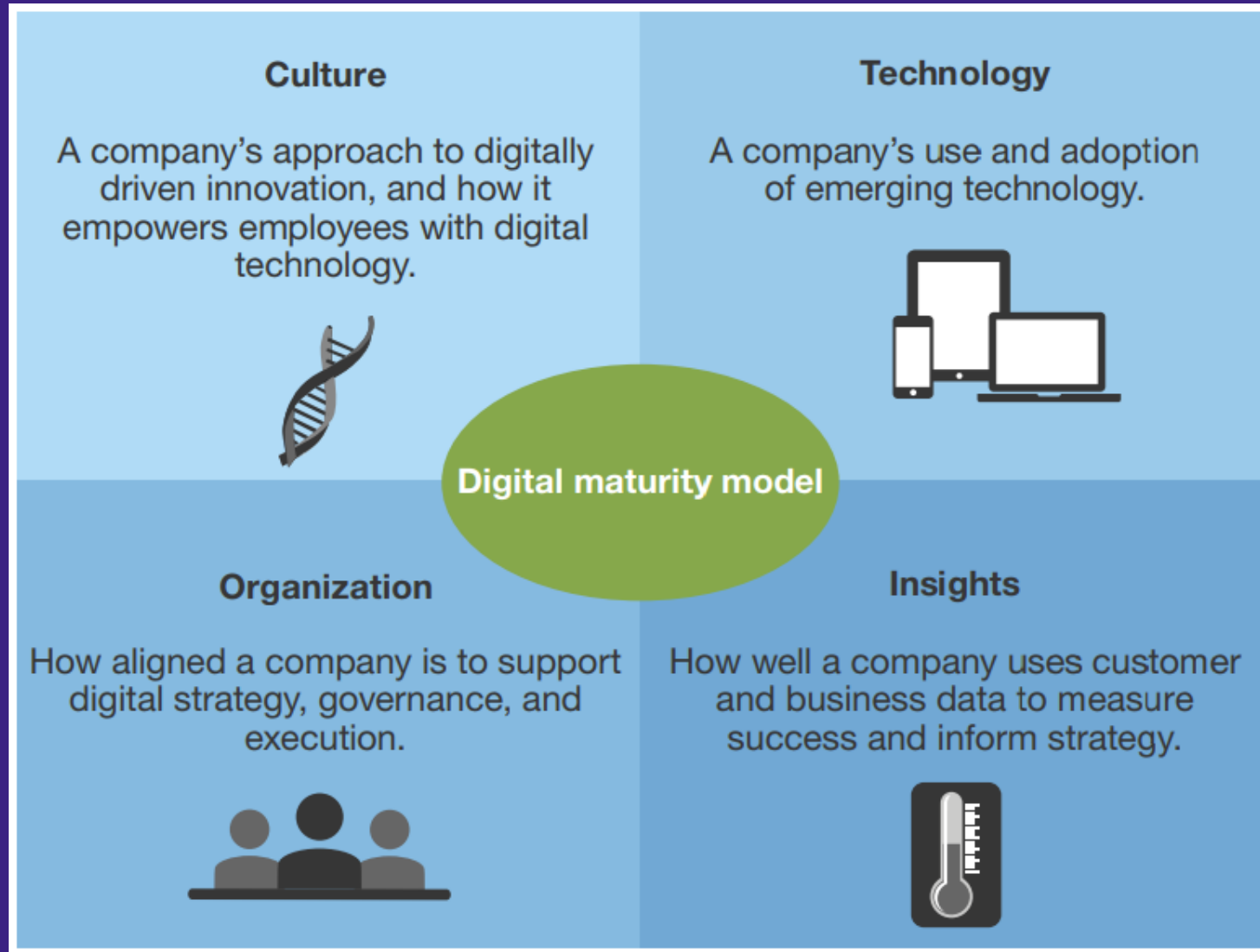
	Maturity segment	Characteristic behavior	Strategy	Score range
	Differentiators	Leveraging data to drive customer obsession.	Blend the digital and physical worlds.	72-84
	Collaborators	Breaking down traditional silos.	Use digital to create competitive advantage.	53-71
	Adopters	Investing in skills and infrastructure.	Prioritize customer relationships over production.	34-52
	Skeptics	Just beginning the digital journey.	Prompt a willing attitude.	0-33



0	Initiation	<i>Basic IT to support to daily business</i>	1) Organization					2) Management					3) Information Technology				
I	Enabling	<i>IT growth throughout the entire organization; Training of employees</i>	a. Culture and Expertise	b. Collaboration	c. Operational Processes	d. Business Model	e. Customer Experience	a. Performance Measurement	b. Designated Roles and Positions	c. Digital Strategy	d. Management Support	e. Product Innovation	a. Software Usability	b. IT Automation, Integration and Security	c. Requirements Management	d. Technology Change Management	e. Process Change Management
II	Regulation	<i>IT initiatives integrated & Strategic alignment of IT with business goals</i>															
III	Digital Business Model	<i>Digital Strategy & Digital business model implementation</i>															
IV	Customer Centricity	<i>Customer experience as source of competitiveness, Use of new technologies</i>															
V	Optimization	<i>Continuously reflect on and challenge all dimensions</i>															

How can the different dimensions of maturity be measured?

Please think of 5 statements to
measure the following concepts



“How much do you agree with each of the following statements?”

0 = Completely disagree 2 = Somewhat agree
1 = Somewhat disagree 3 = Completely agree

Culture

- We believe that our competitive strategy depends on digital
- Our board and our C-level executives back our digital strategy
- We have the right leaders to execute on our digital strategy day-to-day
- We invest in targeted digital education and training at all levels of our organization
- We clearly communicate our digital vision both internally and externally
- We take measured risks in order to enable innovation
- We prioritize overall customer experience over the performance of any individual channel

Organization

Our organization structure prioritizes customer journeys over functional silos

We dedicate appropriate resources to digital strategy, governance, and execution

The staff supporting our critical digital functions are best in class

We have digital skills embedded throughout our organization

Our organization model encourages cross-functional collaboration

We have defined and repeatable processes for managing digital programs

Our vendor partners deliver value that enhances our digital competencies

Technology

- Our technology budget is fluid to allow for shifting priorities
- Our marketing and technology resources work together to co-create our digital technology road map
- We have a flexible, iterative, and collaborative approach to technology development
- We leverage modern architectures (APIs, cloud, etc.) to promote speed and flexibility
- We measure our technology teams by business outcomes not just system up-time
- We use customer experience assets, like personas and journey maps, to steer our technology design
- We use digital tools to promote employee innovation, collaboration, and mobility

Insights

We have clear and quantifiable goals for measuring the success of our digital strategy

Every employee understands how her performances ties to corporate digital goals

We use customer-centric metrics like Net Promoter Score or lifetime value to measure success

We measure how channels work together to accomplish a desired outcome

Customer insight actively steers our digital strategy

Customer insights inform digital design and development

We feed lessons learned from digital programs back into our strategy

Please choose one organization and fill out the questionnaire.



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Insights

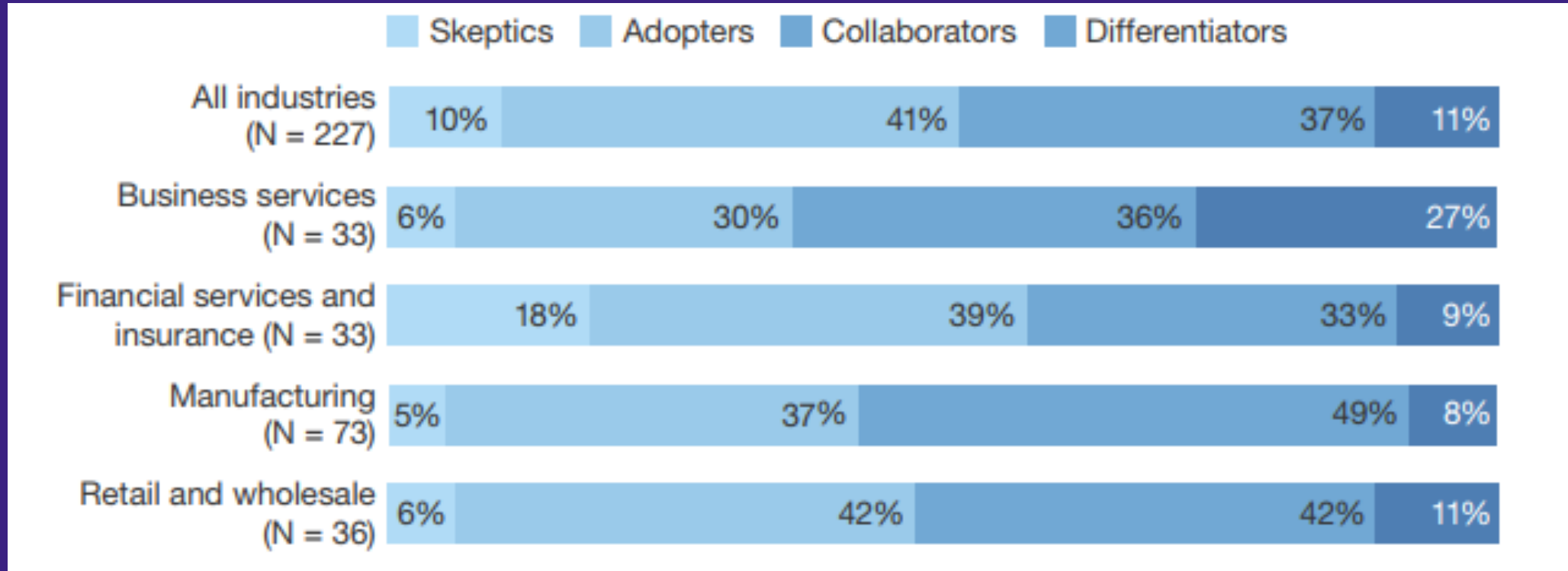
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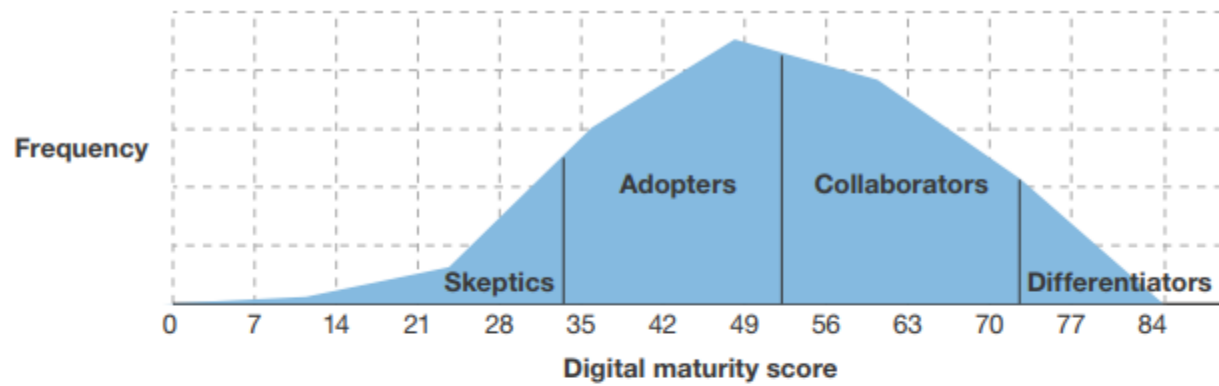
Results



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Status Quo 2016



	Skeptics (N = 23)	Adopters (N = 94)	Collaborators (N = 84)	Differentiators (N = 26)
Industry bias	Public sector, B2B	Healthcare, Utilities	Manufacturing, multichannel retail	Online retail
Percentage of revenue that comes through online channels	17%	32%	54%	57%
Average number of employees	46,100	17,800	13,200	1,600
Average 2015 marketing technology and software budget	\$8.9 million	\$15.3 million	\$51.1 million	\$41.5 million
Top critical marketing priority over the next 12 months	Improve customer acquisition	Improve customer loyalty	Build brand awareness	Increase organization's use of data and analytics for customer insight

Does every organization need to reach digital maturity?

Thank you for your attention!

