

Digital transformation

Challenges and opportunities for digital acceleration



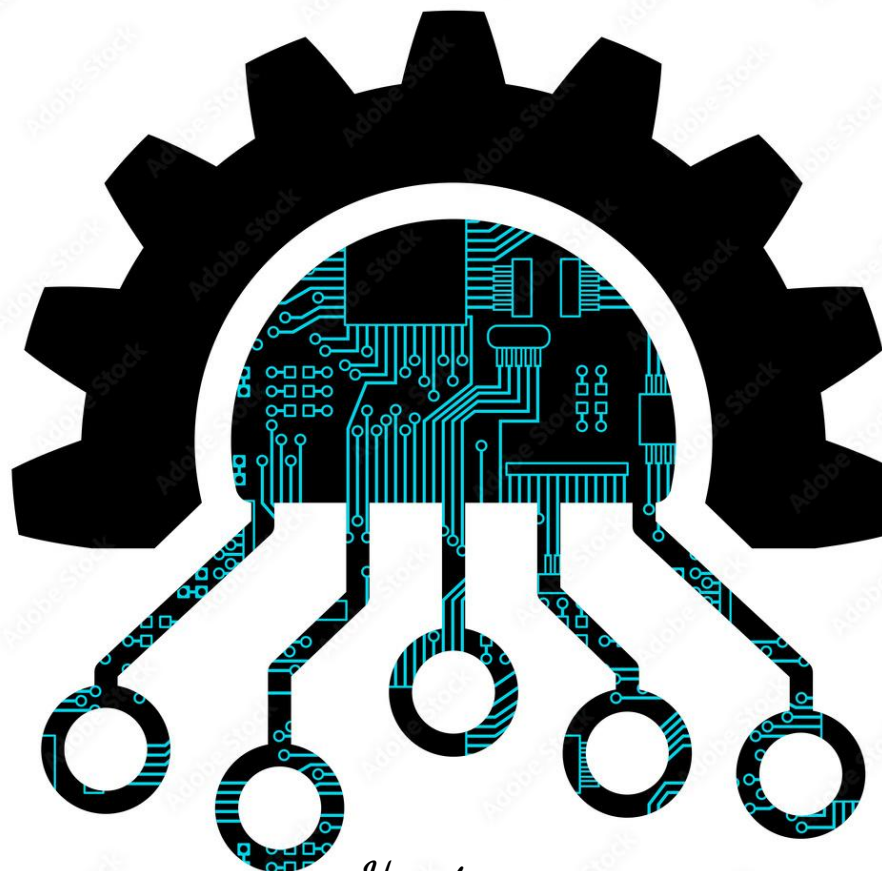
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*Is it related to the
business or
technology?*

*How are typical business
process management tools
related to it?*





*How to manage
DT?*

*What are the main
capabilities needed to
transform the
business?*

*How to implement
strategy for transforming
business to become
digital?*




Content



-  What is digital transformation (DT)?
-  Business process management and DT
-  Key capabilities for DT
-  Digital strategy (strategy for transforming business to become digital)

What is DT?



-  Is it a buzzword?
-  Digital transformation = Business transformation
-  Digital transformation is widely used concept for describing different aspects of business transformation.

What is DT?



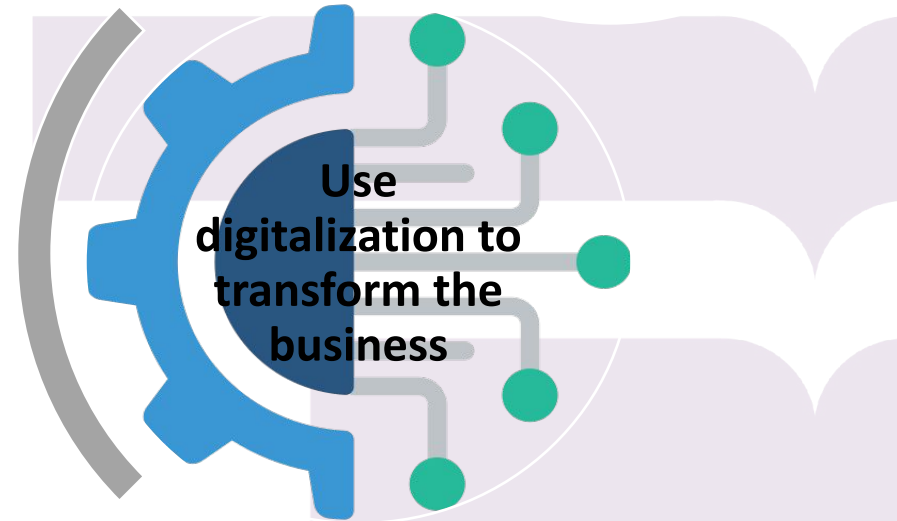
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Digitization



Digitalization



Digital transformation

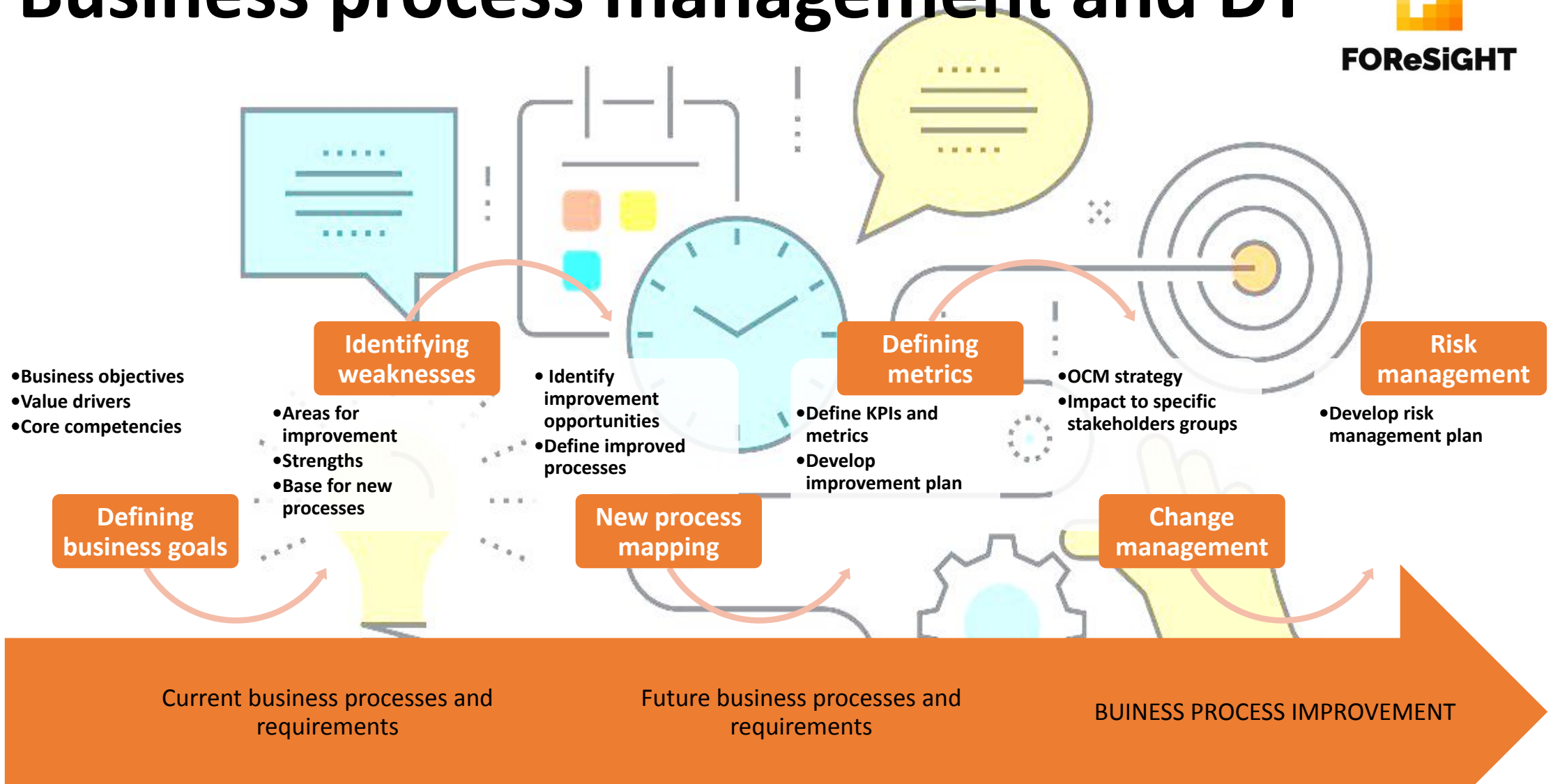
Business process management and DT



Why is BPM so important?



Business process management and DT

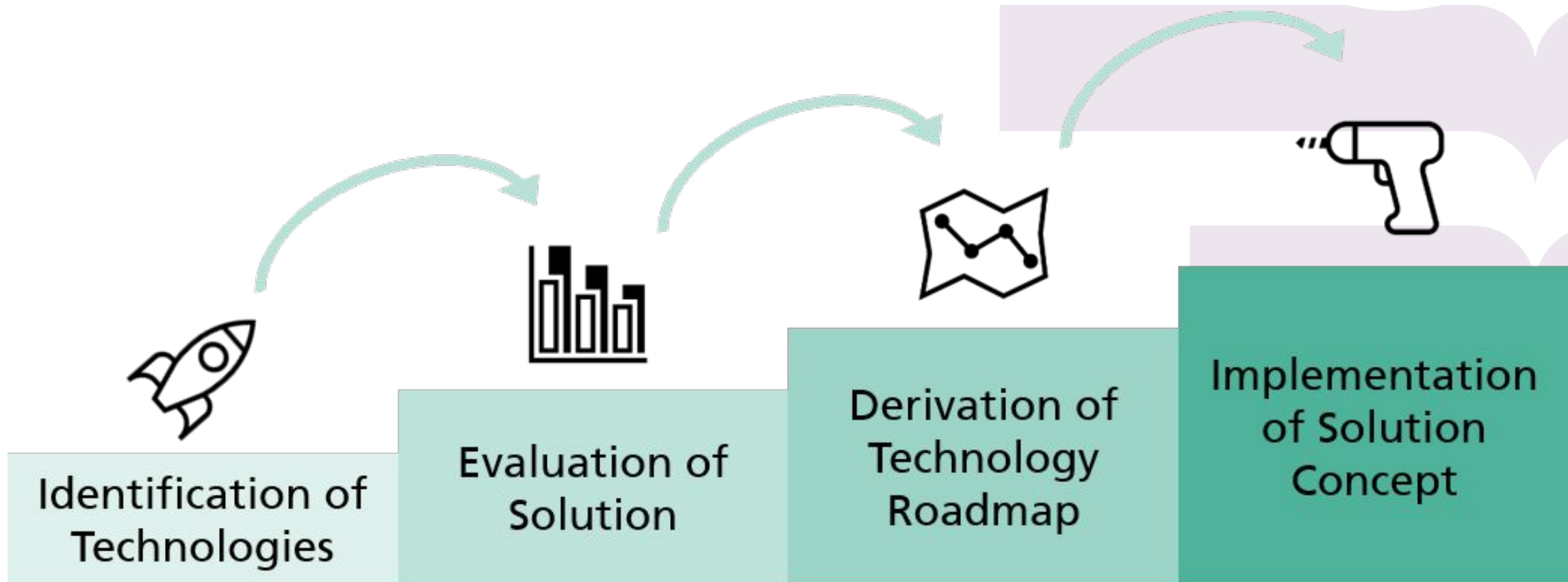


Business process management and DT



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When to start with BPM in DT?



Business process management and DT



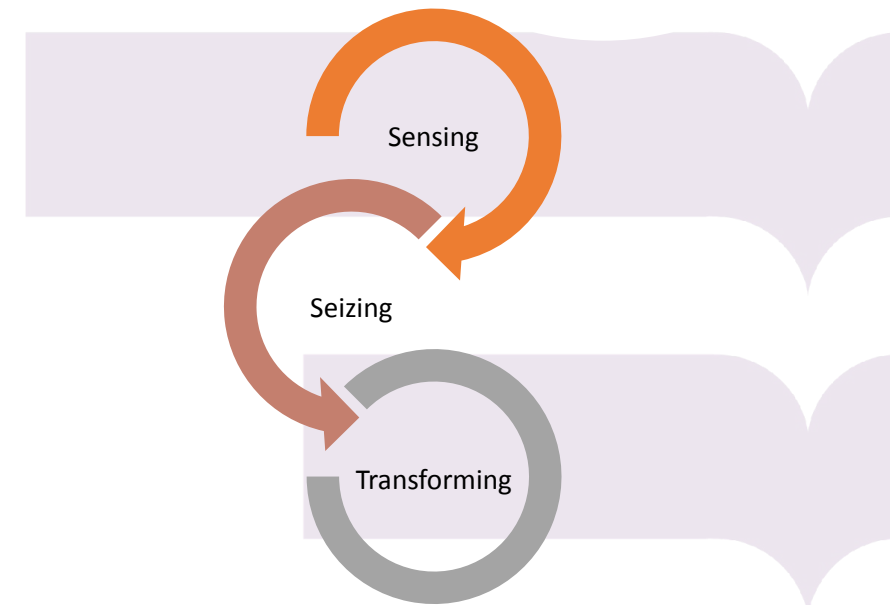
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Key capabilities for DT



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According to Knopik et al. (2022)

Key capabilities for DT



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STRATEGY AND ECOSYSTEM

Sensing

Setting a long-term vision and strategies, establishment of long-term relationships

Seizing

Managing and leveraging long-term relationships by creating a network for value chain

Transforming

(Re)defining the organization's role in the collaborative ecosystem and alignment of business activities

Key capabilities for DT



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INNOVATION THINKING

Sensing

Monitoring changes in society, technology, and business environments

Seizing

Developing open, flexible, and innovation friendly processes

Transforming

Embracing open and collaborative innovation

Key capabilities for DT



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DT TECHNOLOGIES

Sensing

Acquiring comprehensive knowledge of (disruptive) technologies

Seizing

Adopting appropriate technologies

Transforming

Managing technical knowledge and staying open-minded for new technologies

Key capabilities for DT



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DATA

Sensing

Generating data driven insights

Seizing

Ensuring protection of innovation and leveraging data-driven insights

Transforming

Preparing for effective handling of data volume

Key capabilities for DT



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OPERATIONS

Sensing

Managing existing operations efficiently

Seizing

Leveraging external insights to improve operational performance

Transforming

Interconnecting operations with other business lines

Key capabilities for DT



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ORGANIZATIONAL DESIGN

Sensing

Support information and knowledge flows

Seizing

Establishing a supporting organizational structure

Transforming

Continuously adapting internal structures to changing requirements / market needs

Key capabilities for DT



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DT LEADERSHIP

Sensing

Promoting experimentation and readiness for change

Seizing

Embracing an innovation -promoting culture

Transforming

Incentivizing entrepreneurial behavior



„Visionary CEOs, individually, are the engines of massive change that is unprecedented in the history of information technology—possibly unprecedented in the history of commerce.” (McKinsey, 2021)

Digital strategy - starting points



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**STANDARDIZATION
AND
HARMONIZATION**

**CUSTOMIZATION
AND
FLEXIBILITY**

Digital strategy – five steps



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Strategic alignment

Business processes and operating model

System architecture

Organizational impact

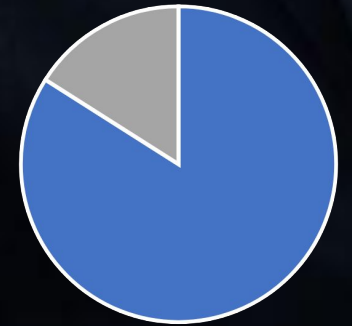
Data management
process

Digital strategy and organizational culture



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**CHANGE
MANAGEMENT**

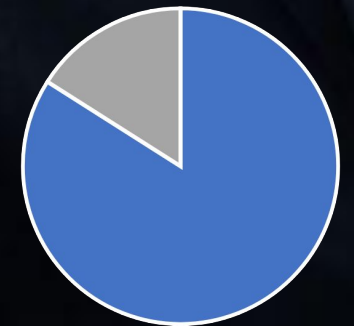


**84% of executives say
having the right
culture in place is
important for DT
(HBR, 2021)**

Digital strategy and organizational culture



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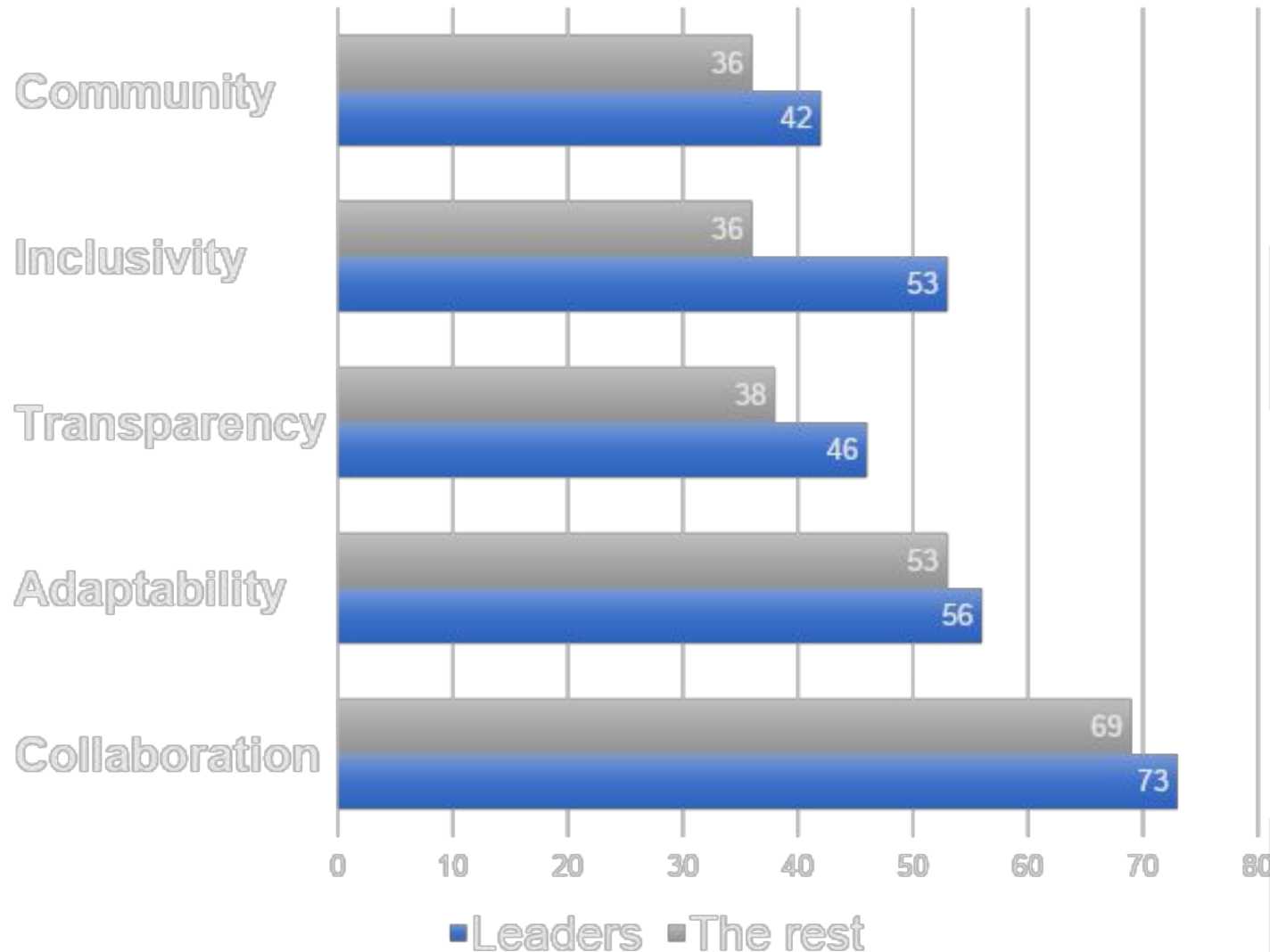
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Digital strategy and organizational culture



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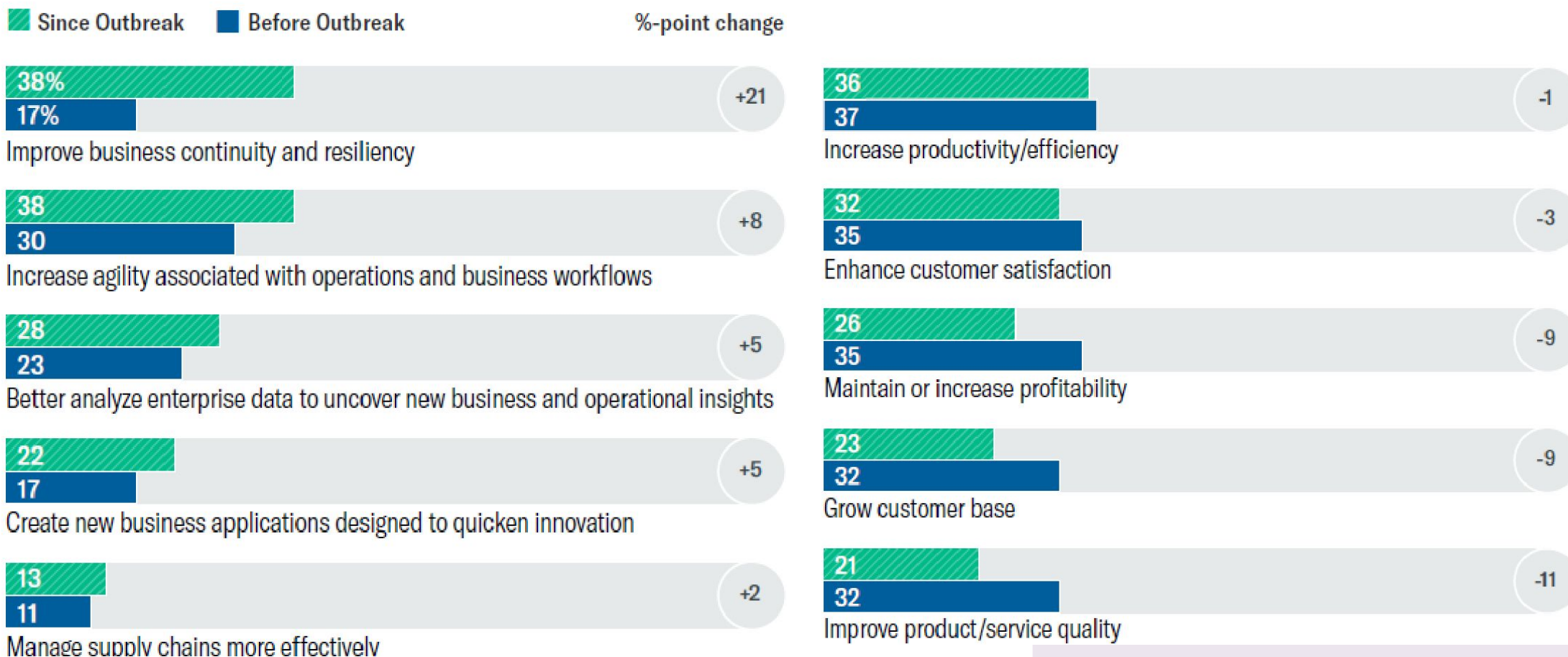
Cultural characteristics organizations are using to enable digital transformation

Source: HBR Analytic Services survey, February 2021

Digital strategy – overcoming challenges



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Digital strategy – overcoming challenges



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Clarity of defined business processes

Investment in organizational change and training

Level of executive alignment among key stakeholders and the transformation project team

Time and effort spent during user acceptance testing and conference room pilots

51% - 54% of companies experienced operational disruption

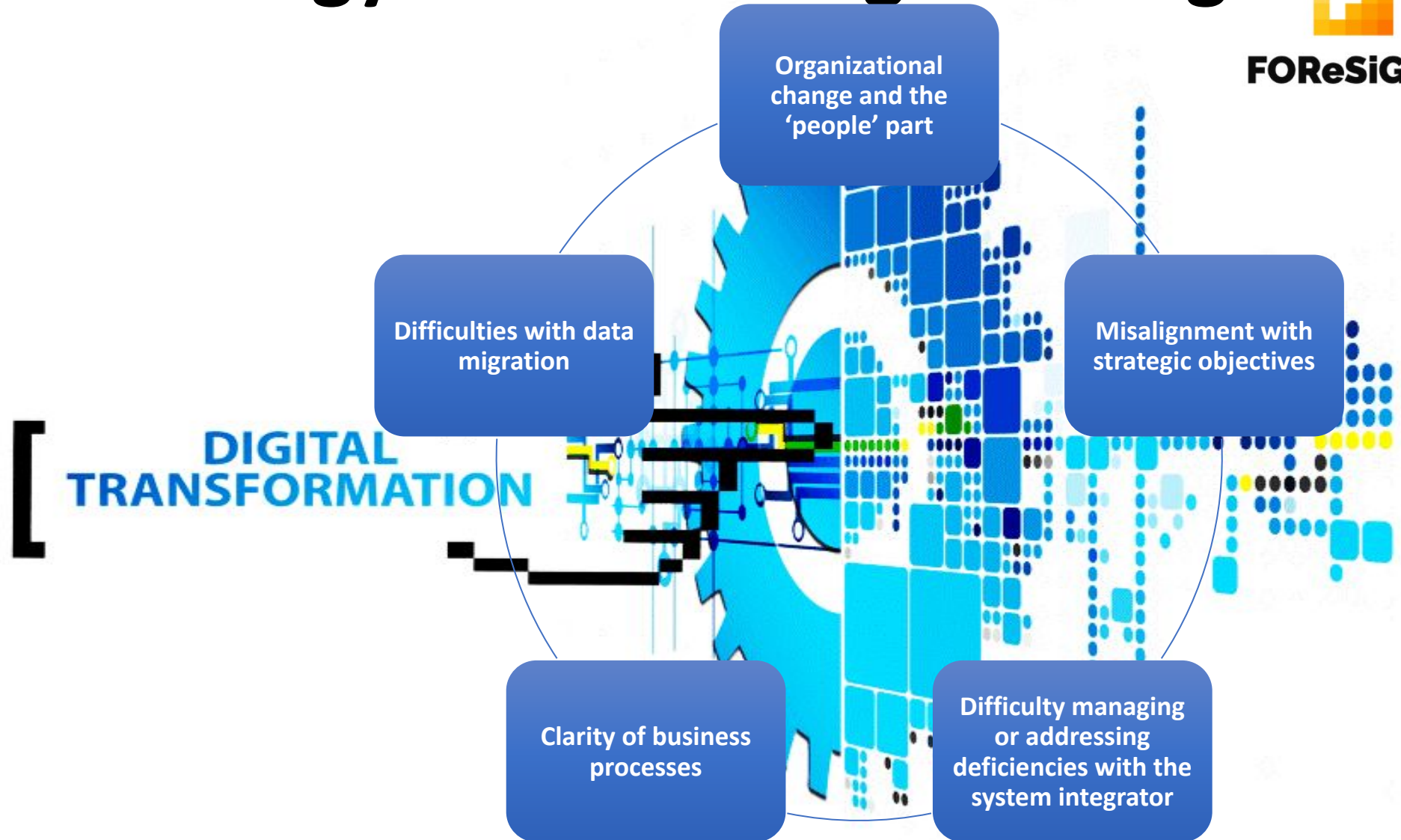
50% - 300% increase of initial cost of implementation due to the operational disruption.

Source: Third Stage Consulting Group (2020 – 2021)

Digital strategy – overcoming challenges



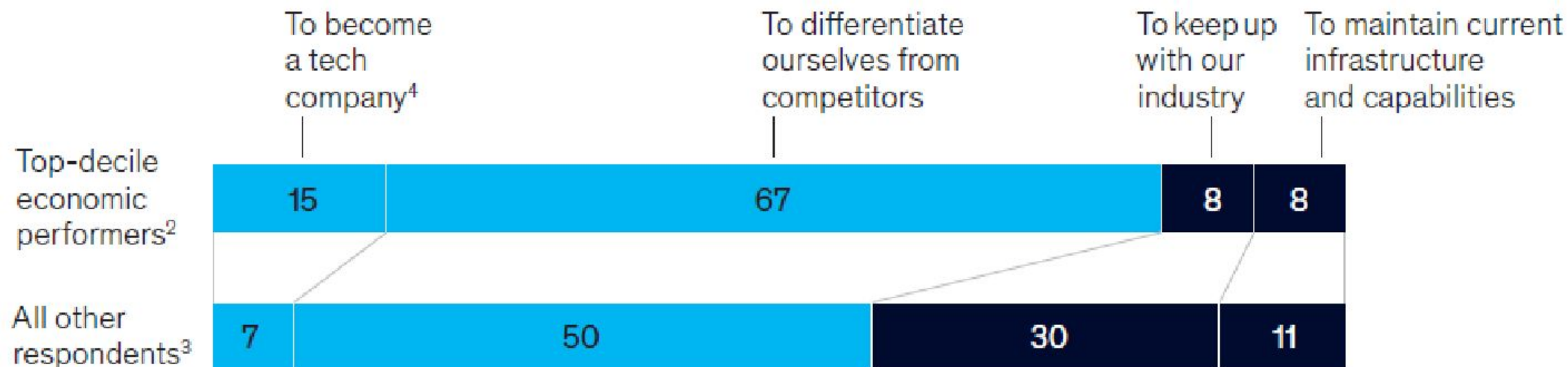
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Source: Third Stage Consulting Group (2020 – 2021)

Digital strategy – overcoming challenges

Level of ambition for organizations' planned investments in digital and technology, % of respondents¹



¹ Respondents who answered "don't know/not applicable" are not shown.

² N = 118.

³ N = 1,022.

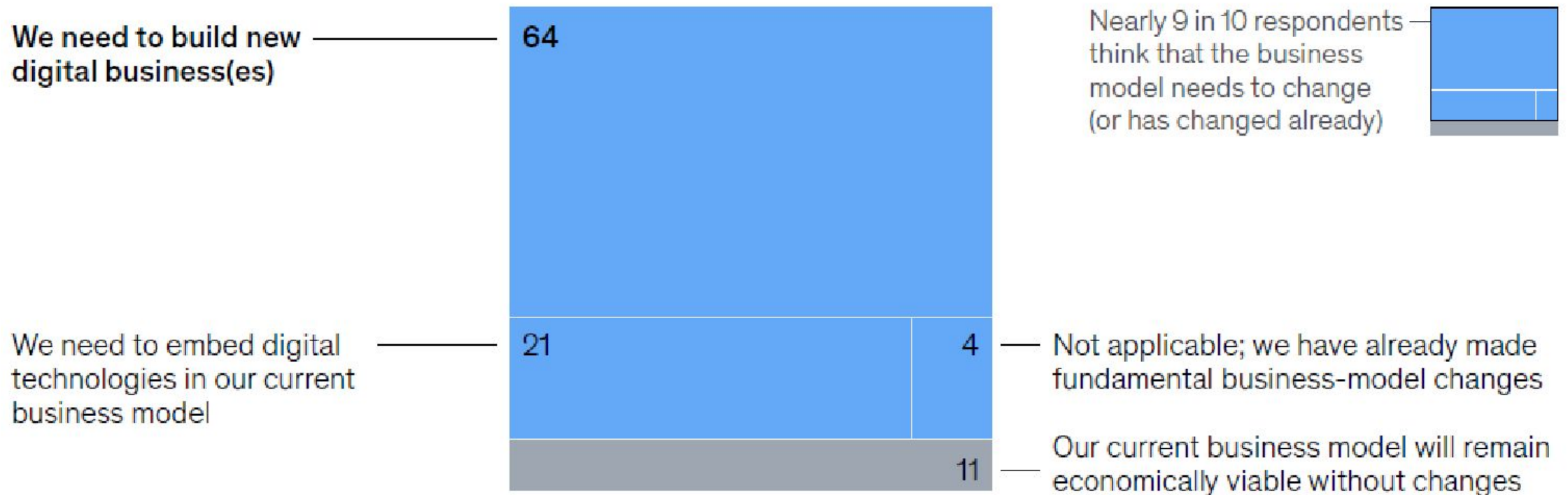
⁴ That is, the organization's core value proposition is based on the technology and data it produces.

Digital strategy – overcoming challenges



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Changes needed to make company's business model economically viable by 2023, % of respondents¹



¹ Respondents who answered "don't know" are not shown; n = 1,140.

Digital strategy alignment – 7S model



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**McKinsey 7S
model for
aligning digital
transformation
strategy**

CONCLUDING REMARKS

Digital transformation is business transformation that uses digitalization.

BPM is critical for successful digital transformation and should be addressed in the initial transformation stage.

Organizational capabilities for DT are dynamic and can be categorized as sensing, seizing, and transforming.

Supportive organizational culture is crucial for successful implementation of digital strategy and DT.

Leading companies are the ones that continuously invest in digital solutions.

7S model is useful for aligning and executing digital transformation strategy.



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Q&A

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