TOWARD A TYPOLOGY OF "GOING DIGITAL"

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Session 1:
The path towards digital transformation

Paper S1.1
When you use **digital transformation** interchangeably with **digitalization** to describe various strategic and organizing activities, it’s like you treat a **pandemic** as an **epidemic**.
Pressing Issues of Digital Transformation

- Through 2021, DT initiatives will take large traditional enterprises, on average twice as long and cost twice as much as anticipated (Gartner, 2019).
- DT spending will reach $2.3 trillion by 2023 (IDC, 2020).

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<tr>
<th>Time and Money Investment</th>
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<th>Success Rate</th>
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<tbody>
<tr>
<td>&lt;30% Digitally savvy industry &lt; 26%</td>
</tr>
<tr>
<td>Traditional industry 4-11%</td>
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</table>
“A fundamental change process, enabled by the innovative use of digital technologies accompanied by the strategic leverage of key resources and capabilities, aiming to **radically** improve an entity* and redefine its value proposition for its stakeholders.”

*An entity could be:
an organization, a business network, an industry, or society

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**A Unified Definition of Digital Transformation (DT)**

Paper under final revision in Technovation journal
103 DT case studies for a cross-case analysis
- Journal articles and conference proceedings
- Qualitative/quantitative methods
- SCOPUS & EBSCO databases
- “Digital Transformation”
A Typology of “Going Digital”

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<tr>
<th>Sources of Change</th>
<th>Realignment</th>
<th>Transformation</th>
</tr>
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<tbody>
<tr>
<td>External</td>
<td>Blue</td>
<td>Cyan</td>
</tr>
<tr>
<td>Reactive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>Green</td>
<td>Gray</td>
</tr>
<tr>
<td>Proactive</td>
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Exogenous
Endogenous

End Result of “Going Digital”

Realignment
Transformation
### A Typology of “Going Digital”

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<td>Digital Transformation</td>
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<tr>
<td>Endogenous</td>
<td>Digital Mutation</td>
<td>Digital Metamorphosis</td>
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End Result of “Going Digital”
Digitalization

(Non-fundamental exogenous change)

✗ Doing things in fundamentally different ways
✗ Fundamentally different things
✔ Keeping pace with emergent digital technologies
➢ Reactive initiatives do not change the organization’s identity
★ Economic-driven outcomes:
  • Digitize problematic processes in operations
  • Automation of inefficient processes
  • Optimize workflow efficiency & cost reduction & productivity
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Digital Mutation

(Non-fundamental endogenous change)

- Proactive initiatives & Internal motivation
- Alter operational activities in the organization while maintaining alignment with its original identity
- No immediate requirement to change
- Most common, least intense, less risky
- Internally visible only in some cases

★ Critical success factors:
  • Training employees with required skills and competencies
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Audi Business Innovation GmbH
Volvo Innovation Hub
Digital Metamorphosis

(Fundamental endogenous change)

- Proactive initiatives & Internal motivation
- First-mover or early adopter advantages
- Redefine strategic vision

★ Critical success factors:
  - To actively sense & seize the opportunities associated with digital technologies
  - To avoid problems rather than passively waiting for things to go wrong or decline before taking action
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Digital Transformation

(Fundamental exogenous change)

✔ Redefine value proposition
✔ Organizational frame-breaking
➢ Reactive initiatives initiated after the improved performance is needed
★ Capability-driven outcomes:
  • Business model innovation
  • Produce dramatic changes in offerings
  • Achieve competitiveness
  • Radical performance
Digital Transformation

(Fundamental exogenous change)

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- Organizational frame-breaking
  - Reactive initiatives initiated after the improved performance is needed
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  - Produce dramatic changes in offerings
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  - Radical performance
“Going Digital” Typology & Pathways

- P0: Reproduction
- P1: Adoption
- P2: Reconstruction
- P3: Tuning
- P4: Conversion
- P5: Reorientation
- P6: Recreation
- P7: Possible sequence

Digitalization
  - Adoption
  - Reconstruction

Digital Transformation
  - Recreation

Digital Mutation
  - Tuning

Digital Metamorphosis
  - Conversion
  - Reorientation
“Going Digital” Typology & Pathways

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Thank you!

Feel free to connect: cheng.gong@bumail.net