D-vitamin for organisations?

• The implementation of opportunities and further, management of the long transition process is still and will be a challenge for industrial companies (McFarlan 2017)

• Myths of digital transformation?: Vast majority of cases organizations will make significant mistakes — unless the transformation is well-planned, exquisitely executed, and enthusiastically sponsored by upper management (Andriole in McKinsey Feb’17)

Digital trasformation is for all?

• Myth #1: Every company should digitally transform; Reality: Not every company, process, or business model requires digital transformation
  • It is not just a software upgrade or a supply chain improvement project
  • To launch a digital transformation of business processes, it’s necessary to purposefully model those processes with tools that enable creative, empirical simulations
  • Any initiative is ultimately defined by market share, revenue, and profit
  • Even if you can model your processes — you may still not be able to make a convincing business case for digitally transforming them
Disruptive technologies will make it?

- Myth #2: Digital transformation leverages emerging & disruptive tech
  - Reality: Most short-term transformational impact comes from “conventional” operational and strategic technology — not from emerging or so-called “disruptive” technology
    - Most transformational leverage comes from “tried-and-true” operational technology (networking and databases) and strategic technology (ERP or CRM). Rarely from emerging technology (augmented reality?) or disruptive technology (machine learning?)
    - Cases such as Uber or AirnBnB rely on leveraging the mainstream networking technologies already in consumers’ hands: mobile phones, apps, and websites optimized for quick transactions and location tracking
Profitable companies change the game?

- Myth #3: Profitable companies are the most likely to launch successful digital transformation projects. Reality: If things are going well — defined crassly as employee and shareholder wealth creation — the chances of transforming anything meaningful are quite low.
  - Failing companies are much more motivated to transform themselves than successful companies.
  - Change is expensive, time-consuming, inexact, and painful.
  - Digital transformations work well with money to spend and a high capacity & rational for taking risks. Established companies are “established” for a reason.
Industry leaders will do it?

• Myth #4: We need to disrupt our industry before someone else does †  Reality: Disruptive transformation seldom begins with market leaders whose business models have defined their industry categories for years
  • Market leaders pay lip service to their role as innovators and disruptors. They are usually unlikely champions of change — until their profits begin to fall and their shareholders scream for transformation
  • Industry disruptors have often been startups making bold bets on old industries such as Airbnb (hospitality), Uber and Lyft (transportation), Amazon (books, retail), and Netflix (entertainment)
Executives like D-vitamin?

• Myth #5: Executives are hungry for digital transformation
  Reality: The number of executives who really want to transform their companies is relatively small, especially in public companies
  • Digital transformation requires strong support from top management
  • However: public, persistent, enduring, and unwavering support is more difficult to secure than one might assume
  • Many executives are i) suspicious of risky efforts that might affect their status in the company, ii) challenged by the sheer complexity of digital transformation projects and iii) reluctant to tweak existing business models that are consistently generating wealth for themselves and their shareholders