



ENTERPRISE DIGITAL SERVICES & DIGITALIZATION FRAMEWORK – Vol 1

Digital | Digitize | Digitalization





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1. DIGITALIZATION DEFINED

Digitization and Digitalization has been defined in several different ways.

Digitalization is the use of digital technologies for transforming business models to improve efficiencies for better top and bottom lines in the process of creating a private ecosystem.

Digitalization journey is often envisioned as: How to get to know the customers better, improve your service levels and Digitize the customer experience. It then extends to digitizing operations, products and Services. This creates a unique experience for all customer interactions in a controlled and predictable vendor environment.

This paper defines digitization as the process to convert various analog elements into electronically readable formats in order to create a paperless environment in an organization.

2. NEED FOR DIGITALIZATION

In the Digital Era, organisations, urgently need to do the following

- Promptly change business models to accommodate the changes ushered in by digitalization
- Manage large ecosystems that emerge due to Digitalization
- Enhance user experience
- Increase their services or products portfolio to cover a large user group quickly

The need for Digital business transformation is not a state of being, it is a journey and this journey is guided by three basic questions:

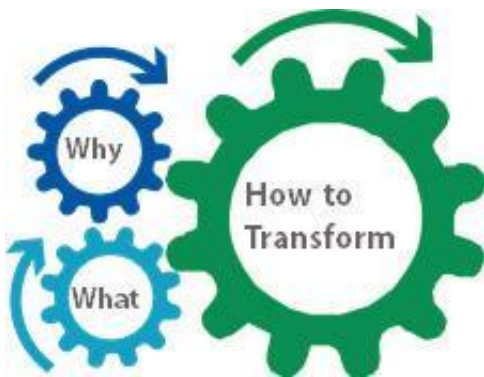


Figure 1: Why, What & How of Digital Transformation

WHY TRANSFORM?

All businesses need to be digitally transformed due to the omnipresent web. The larger purpose is to utilize the ever-increasing omniscient data which can be used to increase efficiencies, make operations agile and improve bottom lines. It's also essential to stay competitive and relevant in the digital era.

WHAT TO TRANSFORM?

Every organization would have some level of digitalization in place e.g a web site or an ERP. To initiate a digital transformation journey, it is essential to know the current digitized state and the envisaged future state. An initial assessment of the current degree of digitization will help to perceive the level of digitization required in the future of a digitalized state. Over digitization should always be avoided to ensure any economic journey of digitalization.

Enterprises must have a clear reason to invest in digitalization. Seesim Diagnosis frameworks help's in gauging the degree of digitization in each function of the organization and hence to decide the future levels that enable adequate transformation.

HOW TO TRANSFORM?

Digital transformation often begins with the customer: How to get to know their customers better, improve your service levels and digitize the customer experience. It then extends to digitizing products & services followed by the organization's operation.

Seesim transformation frameworks will help in understanding the journey for Digitalization Transformation.



3. TRANSFORMATION IN ACTION

The above-mentioned Diagnosis and assessments suggest the level of transformation at the beginning of the Transformation Journey.

The journey starts with the Initiate phase of the IIDIO (Initiate: Ideate : Design : Implementation: Operate) framework, and it helps follow through the ideate stage.

A report from the above assessment shows the various functions in their digitized state and the gap in the degree of digitization required to meet the overall organization Digitalization goal.

The assessment usually covers People, Processes & Product or the 6 M's of an Organization namely: Men, Machine, Material, Methods, Market & Money.



Figure 2: Transformation in Action

This helps in the next stage - ideate. Which is about perceiving the end goal and the process to do so. In the Design phase subsequently - the function based automation and degree is created as a blue print. The design is then implemented function-wise and driven by an Organization Change Management initiative, championed by the senior leadership.

4. TRANSFORMATION FRAMEWORK

Digital transformation often begins with the eco system and essentially the customer. Better customer insights, improve the service levels and help in digitizing the customer experience. Digitization is then extended to three additional areas - Operations, Products and services (see Figure 3).





Organization	Digital Enterprise Functions	Digital Skilling & Virtualization	Internal & External Ecosystem	 DIGITIZE ORGANIZATION
Processes & Systems	Customer Focused Interactive Platforms	Agile Execution	Omniscient Omnipresent Multi-Device	 DIGITIZE OPERATIONS
Products	As A Service & Pay Per Use	Mobile and Virtually Connected	Multi Device & Predictive	 DIGITIZE PRODUCTS & SERVICES
Customer	Omni Channel	Analytics & Customer Insights	Social & Digital Marketing	 DIGITIZE CUSTOMER EXPERIENCE

Figure 3: Digital Transformation Framework

The Digital Transformation Framework should be introduced in a phased manner rather than a big bang. It is vital to set priorities and identify the most important areas of focus via the above mentioned assessment process. During the execution of the Digital Transformation Framework, some project based temporary KPI's will be introduced for the relevant stakeholders, these will not and should not affect the organization KPI's



DIGITIZING THE CUSTOMER EXPERIENCE

Since Digitalization is the key to enhancing customer experience – the Framework starts with Digitizing Customer Experience.

Current Products and Services need to be assimilated with current customer experiences. Using CRM and similar technologies, today's companies can identify historically purchased products, competitive landscape and emotions affiliated to the products or services.

Social media analysis can provide answers to questions like What complementary products are bought by customers, who have a similar purchasing history, The average purchase size of these customers etc. Tools like R-programming, help in customizing such activities. Tools for understanding web and social media presence for enhancing customer experience. This further supports carrying out targeted marketing campaigns to penetrate deeper in the customer ecosystem.

DIGITIZING PRODUCTS & SERVICES

Today's organizations increasingly realize that they can no longer focus on just selling products; they need to sell an experience. Just to quote an example, in the automobile industry - a customer walks into an online showroom, where he can chat with a salesperson and even take the car for a virtual test drive. Once the customer decides to order the car, he can use an app on his mobile device to track the car's movement through the entire manufacturing process, making him feel connected

to the whole experience. Once he owns the car, IOT elements can kick in via the installed sensors – which alert both the customer and the car manufacturer when certain parts that need replacement or servicing, enabling the customer or manufacturer to take action before a problem occurs. This creates a seamless experience for the customer right from the time when he decides to buy a car to the time when he needs a service.

DIGITIZING OPERATIONS

Advanced digital technology, powered by the SMAC Stack and aided by IOT, can improve business processes in several ways. For example, big data analytics can help in-bound logistics run more smoothly by tracking product movements through various IOT based sensors; the cloud can be used to create uniform business processing platforms; and mobile platforms can enable employees to perform their work anytime, anywhere and on any device.

DIGITIZING ORGANIZATION

All the above followed by the automation of key backend functions- using ERP systems encompassing, Finance, HR, SCM etc., include this phase where the organization is functionally digitized. This provides enterprise related work flows and data, promptly, to aid decision support systems which help in making the organization more agile. This agility aids in changing business models and creating agile private ecosystems which enhance customer experience even further and hence impact the top and bottom lines favorably.



5. ENTERPRISE DIGITALIZATION ROADMAP

In the digital era, it will be more difficult to create value sequentially (for example through the supply chain) and it will be primarily created by sharing knowledge. This addresses new market needs that will replace the way existing products and services are delivered. This knowledge will be facilitated by rules that are established by the digital participants in the private ecosystem of an organization.

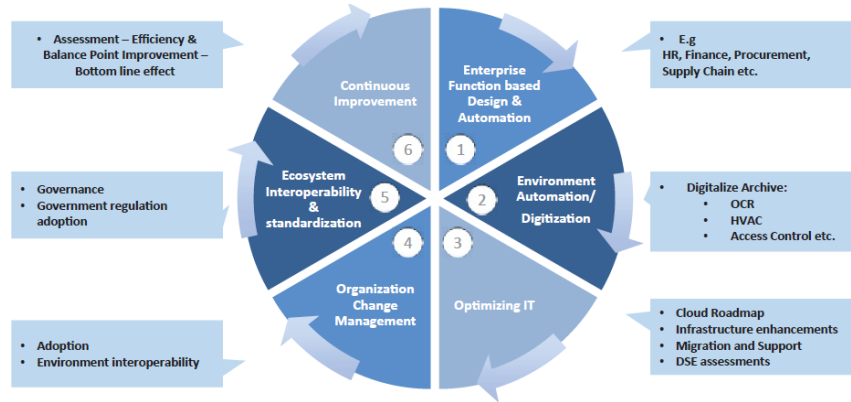


Figure 4: Digitalization Transformation Journey

Function wise digitization will be required to be achieved as per the Enterprise Digitization framework below to achieve the necessary digitalization Roadmap.

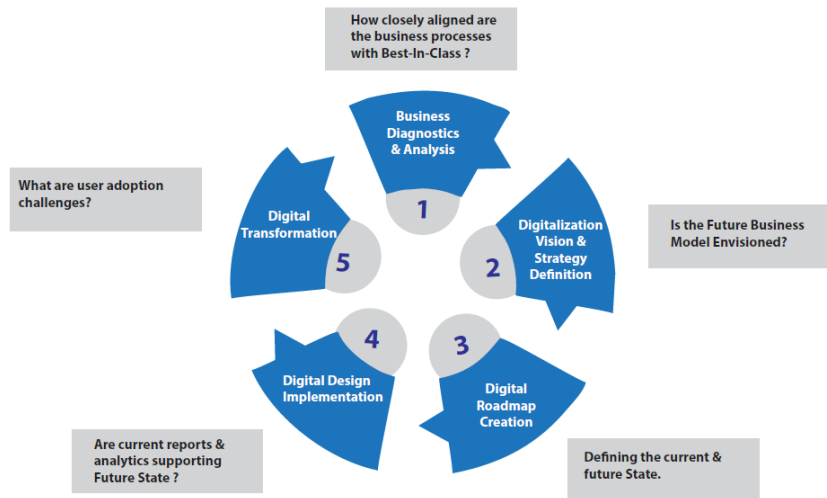


Figure 5: Enterprise Digitization framework

Bitcoin is an example of such an ecosystem. This means the supply and demand model begins to blur; the supply side or demand side of these ecosystems can be a single enterprise or a group of enterprises, and they can be supplying and demanding at the same time. The criterion for a digital ecosystem is to inculcate digitization for both supply-side and demand-side participants.



6. RIGHT DIGITALIZATION

Consider what makes a good set of digital business by referring to Figure 6 and noting the following principles:

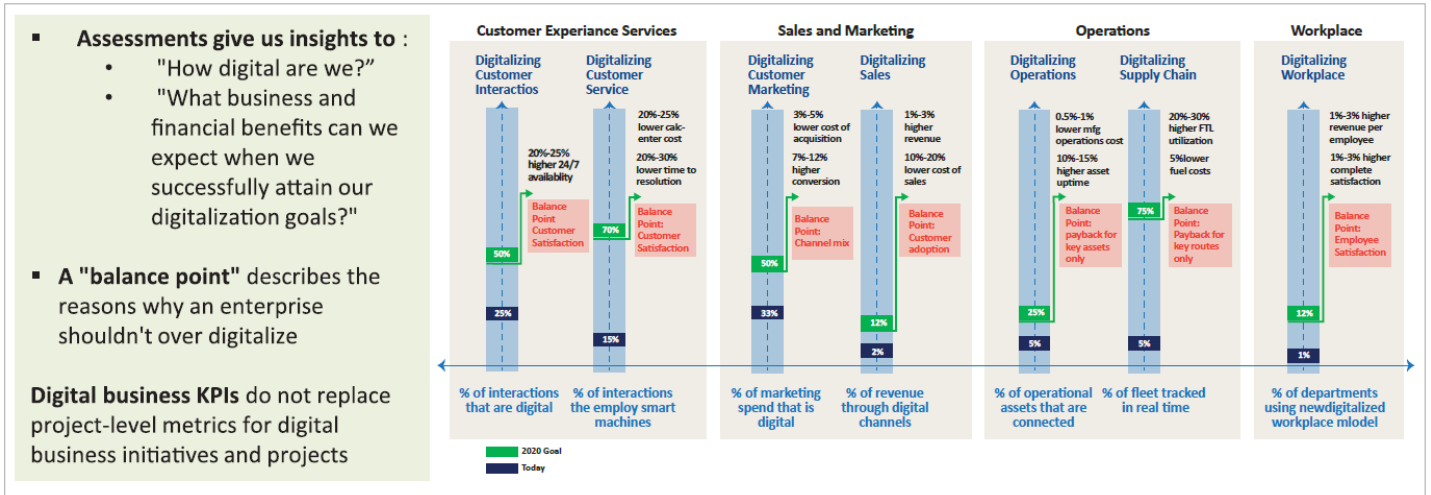


Figure 6: Right Digitalization | Data Source: GARTNER (March 2016)

Right level of digitalization is determined with following attributes:

- Degree of digitalization of the organization
- Geography – Country / City
- People & Culture
- Long term vision for Digitalization

The assessment mentioned earlier provides a point of balance which helps in limiting the digitization of the core and tertiary functions which are co-participating in the digitalization journey of the organization.

This means that Digitization KPI sets, during the digitization of each function are temporary as compared to Digitalization KPI's and the project level KPI's.

7. DIGITALIZATION JOURNEY

One of the keys in the Digitalization journey is to digitize the participatory functions of an organization as key stakeholders.

Digitizing HR, Financial Management, Marketing, Sales, Procurement and other such functions provides examples of operational digitization in the overall digitalization strategy.

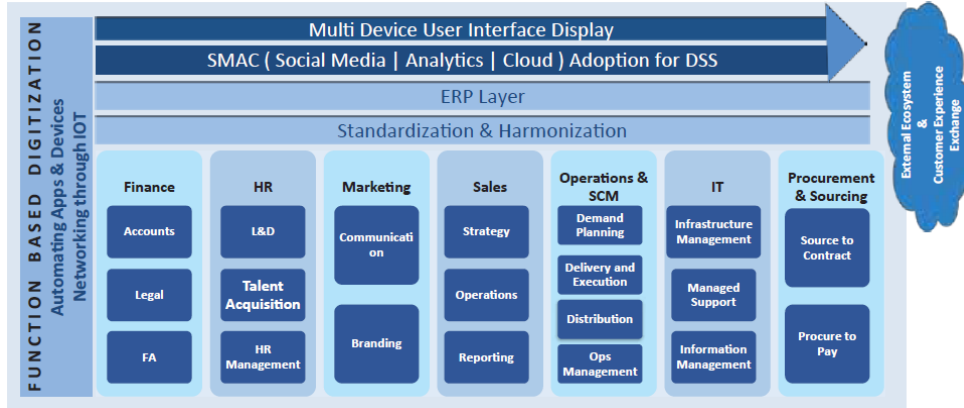


Figure 7: Function Based Digitalization

Different tools and platforms are used for each participatory function, depending on its degree of digitization. For example, Ariba could be a tool of choice for the Procurement, Sourcing and Spend functions of the organization to digitize the relevant areas. This in turn helps in receiving better insights into the category wise spending and the participation of external vendors. This tool, being on cloud, further helps in creating the vendor ecosystem, by on boarding the non-existing members on its own platform – thus creating a private digitalized ecosystem for the organization.

Similarly, create a Harmonized data exchange post digitization to seamlessly provide details to multiple devices as required through the SMAC environment.

This possibility of information exchange and access through multiple devices creates an ecosystem of buyers and sellers which helps to change the business models quickly. The agile backend is now able to assess the internal and external need for this change rapidly.

8. ORGANIZATION CHANGE MANAGEMENT

As organizations seek to survive and thrive, they find it essential to evolve the organizational structure and best practices that are needed to remain relevant and competitive. As suggested above – each function needs to be digitized in order to prepare the organization in its Digitalization journey.

The products and processes could get digitized as mentioned above – but People require to change themselves in order to adopt to these changes, to use the systems effectively and to participate in the newly created ecosystem. The figure below illustrates how an organization prepares itself for change management while embracing digitization.

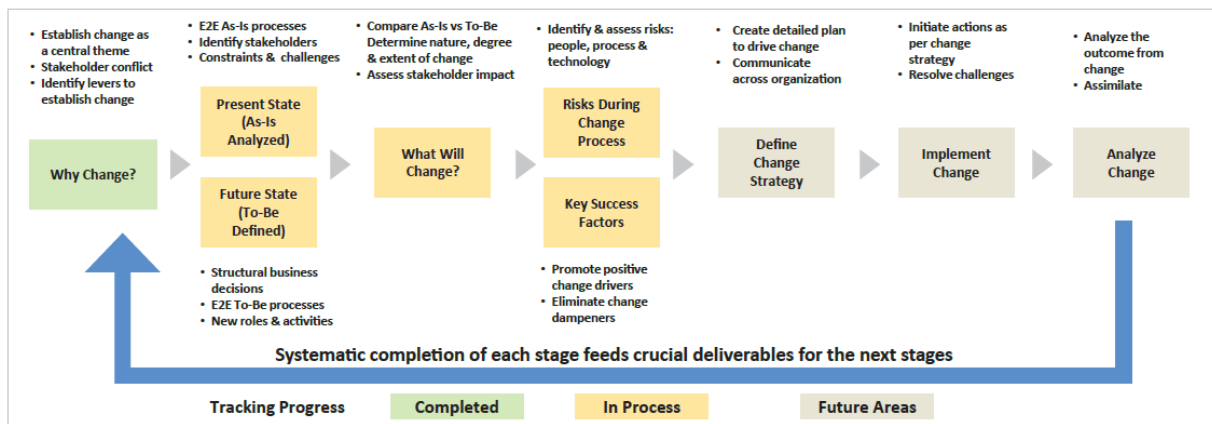


Figure 8: Organization Change Management Methodology



9. ECOSYSTEM FOR GLOBAL DOMINANCE

Organizations go through the digitalization journey to create an ecosystem and provide a significant number of products and services which focus on the customer experience. This in turn creates an agile backend and a robust ecosystem to change business models in quick succession as required by the customers and the environment, when supported by the private ecosystem of the organization. This results in improved topline and bottom lines.

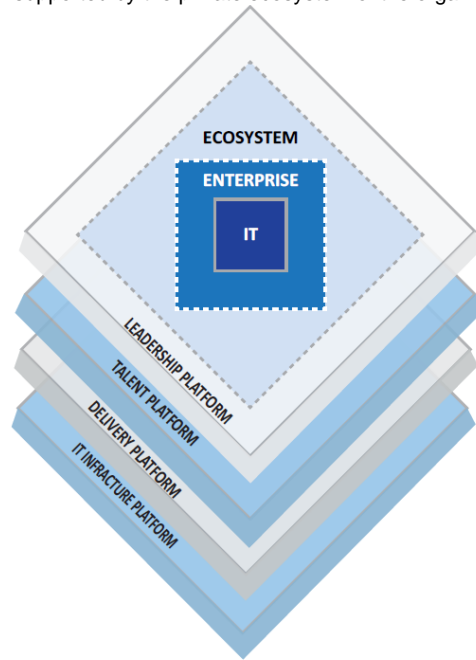


Figure 9: Ecosystem for Global Dominance

Organizations that shape an ecosystem and introduce their standards into the industry value chain, like Airbus and Walmart etc., tend to become dominant players in future global markets.



VOLUME II – WILL COVER THE TECHNOLOGY TRENDS, COMMERCIAL MODELS & TALENT FOR DIGITIZATION AND DIGITALIZATION

ABOUT SEESIM

SEESIM, the trusted partner for Digital transformation, specializes in various tools and frameworks for accelerating digitalization in organizations. Seesim specializes in helping businesses achieve Digitalization goals through its assets which further taps into the power of sophisticated technologies to help clients realize the greatest value in the shortest amount of time. Headquartered in Canada, Seesim is part of the NagiVenture group – a professionally managed multinational company with various interests and deliver strategic thinking, responsive service and comprehensive capabilities to a global customer base.

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