

How to execute

D1G1T@L TRANSFORMATION



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Introduction

Digital transformation has evolved into more than just a buzz word. With the acceptance and embracement of cloud Computing, SaaS, PaaS, IaaS and other a.a.s (As A service) elements, digital transformation becomes more important to grow and sustain the business in the modern age.

But the way how to transform the business to a more digitalized environment, is not always that obvious. It will need some serious rethinking of the business itself, current business models and old patterns that have been around in the business for years. Apart from that, it will require other, different skills from the people working within that business. It is not just a simple transformation from one thing to another.

In this whitepaper we will provide insight on how to transform the business into the modern age, the opportunities it brings and the possible pitfalls.

Time to transform!



What is "Digital Transformation"

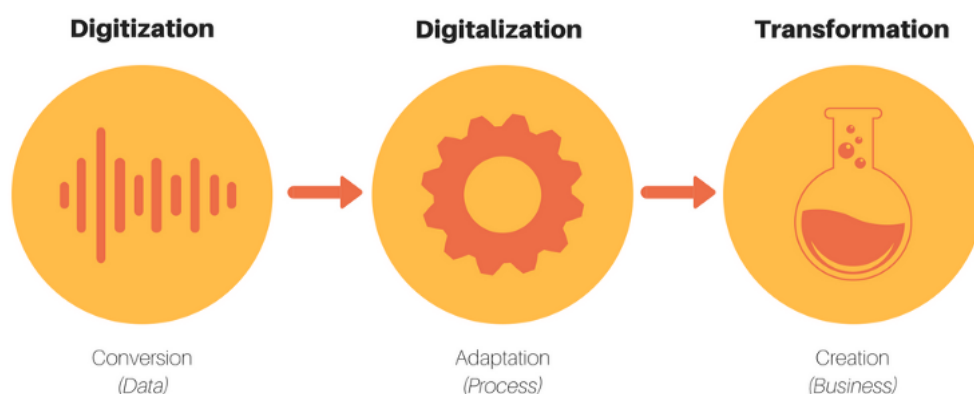
Although understanding digital transformation might consist of a variety of different views, like cloud computing has been at the very first stage, digital transformation in a broad sense may be identified as follows (source: Wikipedia):

"Digital transformation is the change associated with the application of digital technology in all aspects of human society. The transformation stage means that digital usages inherently enable new types of innovation and creativity in a particular domain, rather than simply enhance and support traditional methods".

In the above statement it is identified that digital transformation is not just something that you do to improve or change currently used methods slightly with technology. It is about radical changes from the start and to be disruptive in the way you have been looking at things from a traditional migration point of view.

Furthermore, digital transformation is described as "the total and overall societal *effect* of digitalization". Digitization has enabled the process of digitalization, which resulted in stronger opportunities to transform and change existing business models, consumption patterns, socio-economic structures, legal and policy measures, organizational patterns, cultural barriers, etc.

Digitization (the conversion), digitalization (the process) and the digital transformation (the effect) therefore accelerate and illuminate the already existing and ongoing horizontal and global processes of change in society. This definition has been identified as a definition more or less applicable to procurement. Which does not necessarily covers the business in total.



(Picture from thedigitaltransformationpeople)

In CIO online, capturing a definition of Digital Transformation, and how to

shorten it, has been a good effort by Bill Smarzo who defined digital transformation as follows:

"Digital Transformation is application of digital capabilities to processes, products, and assets to improve efficiency, enhance customer value, manage risk, and uncover new monetization opportunities."

Although this definition is a better way to grasp the concept of digital transformation, some elements have been left out to only make the definition itself shorter. Apart from that, one might get the impression that the definition lacks some important elements.

Probably a short, understandable definition of digital transformation for *the business*, might be the following;

"digital transformation is about transforming the business, its processes and the internal organization to new business models, using the concept of cloud computing to more digitalized delivery models, enhancing customer experience and delivery-efficiency".

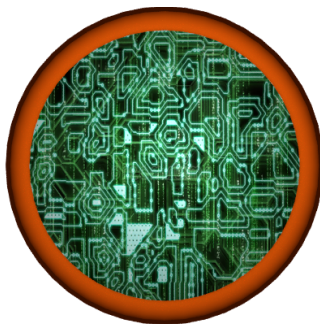
In the above definition, it is obvious that we choose the business as the leading entity for the transformation. We believe that transformation should always *start* at the business side in order to distribute it into the society.

In order to enter a succesful migration, it should involve the whole organization, and not just a part of it. We also believe that digital transformation needs the cloud in order to function. And when the delivery models are in place and delivery takes place efficiently as a part of redefined processes, it will enhance the customer experience because in the end, it is the customer that benefits from the organization's digital transformation.

The process elements

When looking at the process elements, we identify 4 in total. Cloud is a prerequisite to enter the transformation, therefore Cloud is not a factor to be included as a process element, because without the usage of Cloud Computing, there will be no Digital Transformation.

Digitization



Whenever you intend to use information within your business, you first need to transform this information into a digital form in a way that it can be processed by a computer. Think about traditional photo's on paper, you cannot perform any digital analytics on it as long as it is on paper, first you will need to scan it, and then store it onto a computer that has the ability to use software to analyse the contents of the photo. The same applies to text, video images, sounds etcetera. In short, digitization means converting and/or representing something

non-digital into a digital format which can be used by a computing system for numerous possible reasons.

Digitalization



Digitalization follows the digitization process. Whenever something has been digitized, it is stored on a computing device, where it can be used to perform numerous actions on. Stored data and/or information is useless when no actions are performed to utilize it in a broader sense to improve the business and its processes. In a social meaning, digitalization would mean how we give shape to our surroundings while using the digital capabilities of electrical devices.

Take a streetlight as an example; Through digitization the streetlight has been registered in a database, it sends a constant signal on the light it produces to the organization that is responsible for maintaining this streetlight. When the lamp is broken, a circuit within that streetlight will send a signal to the switchboard that the streetlight is off. Based on this information, the responsible organization can send a repairteam to fix the light.

The above example is also often referred to as "The internet of things". Obviously in the above example, the cloud is used to transport the data from the streetlight to the servicecenter where all streetlights are monitored.

Education - The human factor



If you transform your business, people working in that business will need to transform with it, along with the processes that still depend on human interactions, sometimes even physical.

Ruling out the human factor totally is something that is an undesirable way of thinking and close to impossible to achieve. Business processes need to be redefined, where the human factor has a more controlling role, rather than a steering one. To reach efficiency, one should reconsider where decisions might be taken by a machine, rather than by a human or vice versa.

In almost all definitions on Digital Transformation, the "People" element is highly underrated or ignored in total. We still depend on people to not only transform the business itself, they will also be needed to control the processes behind the digitalized economy. The people working with these digitalized processes will need to know what is expected from them. Make sure that they know *what* to control and *how* to control it. In order to reach that goal, education is needed to enhance the digital skills of the persons that are supposed to control the processes behind the digital transformation. And this should be a continuous effort.

Transformation



In our view, the process of transformation is about transforming the business in total to ensure success. This means that not only data needs transformation, also the processes used will need serious rethinking on how to change them in a way, that they are able to help the transformation taking shape. It will need the previous described elements to do that. Next to that, business models will need a change in order to fit into the business itself.

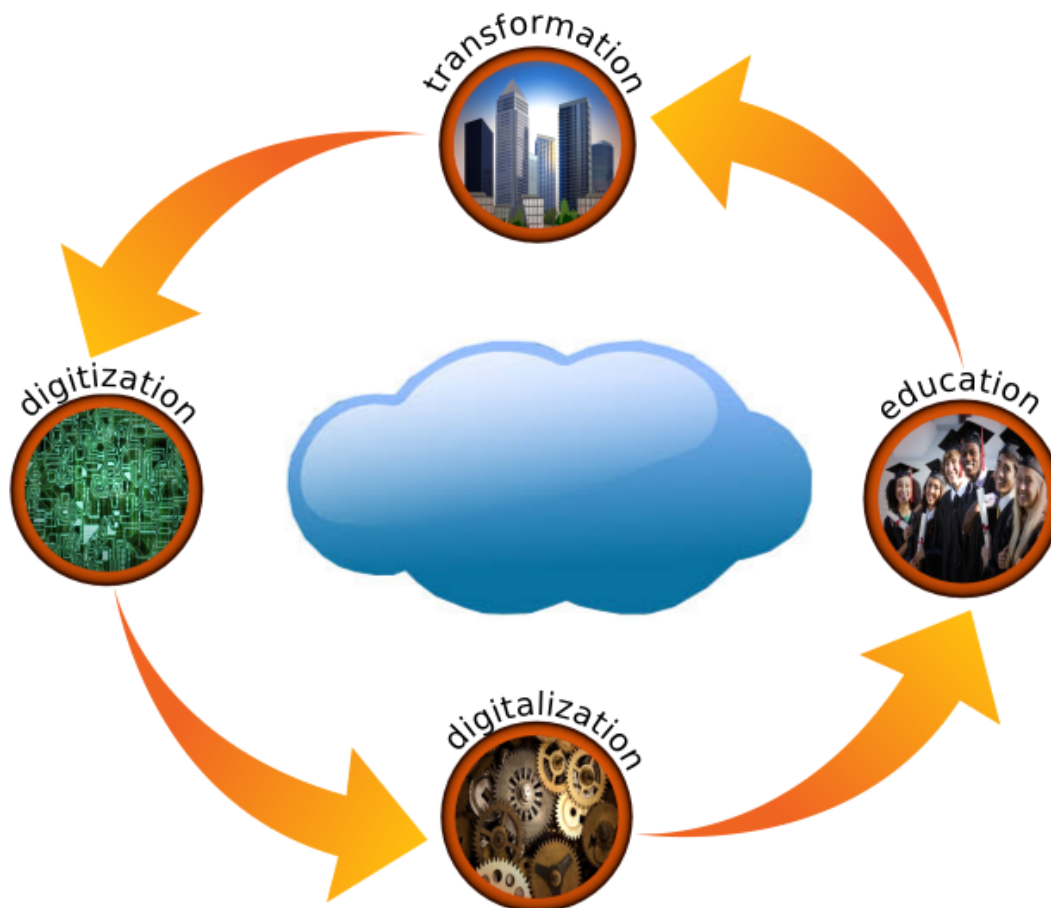
To complete the transformation, you will need to adapt the changes into new business models if you are into selling products or services. These business models should be based on cloud computing, since digital transformation evolves around the whole concept of cloud computing. Apart from that, customer experience is something that should always be on the radar of the organization. A positive experience can make your product or

service more successful, especially when those experiences are created for the public sector.

Digital transformation is not just a simple, one-way exercise. It is about continuously evolving your business to make it sustainable.

Digital transformation model

With the earlier model in this paper still in the back of the mind, one might consider a probably more complete model to illustrate digital transformation as a cyclic process:



Please note that in this view the process of digital transformation is not linear, but ongoing. Businesses evolve all the time, data will always need to be digitized and implemented into the business processes, where people need to be educated in order to be able to control those processes. As a result, digital transformation is a cyclic activity and should evolve around the developments within the area of cloud computing.

Transforming a business process

Developing business processes are not one-time only exercises. Processes need to be reviewed from time to time to adapt them to altered demands, either from the customer/consumer side or from an organizational point of view. The development of business processes require insight in the market, the environment and the business itself. As stated earlier, you will need skilled people to perform these tasks.

When transforming a business process, first identify where in the process you are able to leave decisions to a machine and where human interaction is necessary. The streetlight example that was previously used is a good example of where the decision process does not require human interaction. Replacing the lightbulb physically however, is the part where human involvement is needed. In the process itself, it should be identified where in the process a signal will be dispatched to a human, what that signal needs to contain and the kind of action that is required from this human intervention. And when the problem has been addressed, what should be the following action to ensure that the process itself will run again....until the next problem arises.

Even financial decisions may be part of a digitalized process. Think of a process where an investment ceiling is in place up to where the computer may take the financial decisions on its own. When the necessary investment exceeds the threshold that is set within the process, that is where you might consider to let the process inform a human to take the decision to spend more money on resolving the matter at hand. After that the automated process can continue to run its course.

Bimodel IT

Bimodal is the practice of managing two separate but coherent styles of work: one focused on predictability, basically practise what you already know, the other on exploration, which is about finding new ways with uncertain results. The term was introduced in 2014 by Gartner, that defined the two tiers as follows: "Mode 1 is traditional and sequential, emphasizing safety and accuracy. Mode 2 is exploratory and nonlinear, emphasizing agility and speed."

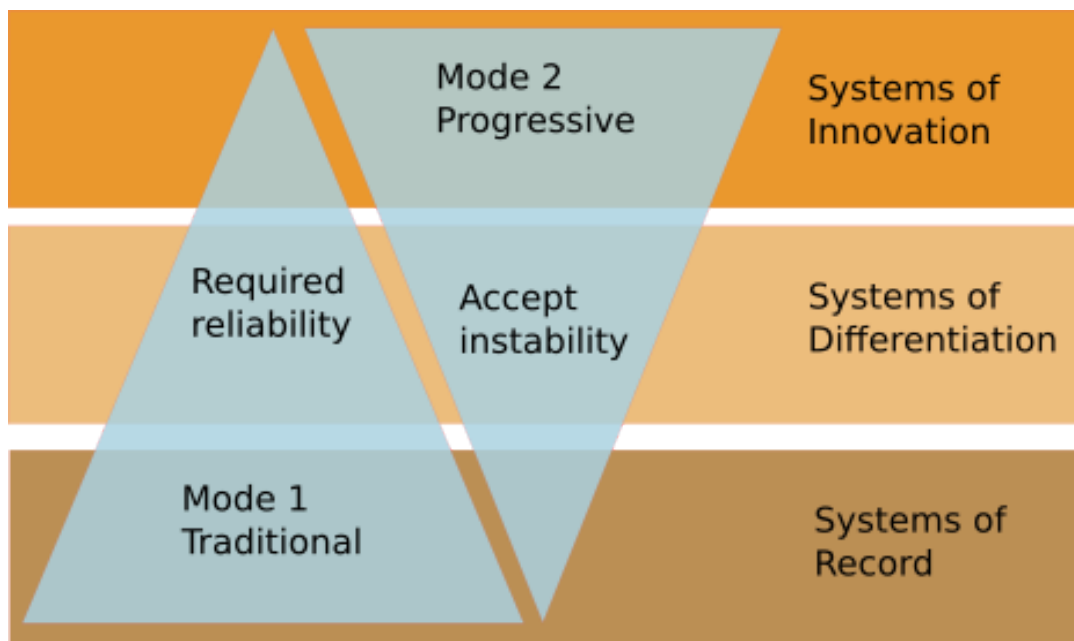
According to Gartner, Mode 1 is optimized for areas that are more predictable and well-understood. It focuses on exploiting what is known, while renovating the legacy environment into a state that is fit for a digital world. In this mode the organization stays on the safe side and merely adjusts current business practices towards a more digitalized area to work within. It is often referred to as being traditional and reliable but slow methodology to the process itself.

Mode 2 is exploratory, experimenting to solve new problems and optimized for areas of uncertainty. With mode 2 initiatives often start with assumptions where the process itself meets small alterations during its lifecycle to prove the

hypothesis. In this mode the process is very progressive and fast, but has a degree of uncertainties where you must accept instability. Often DevOps is used within this mode.

Both modes however may prove to be essential to create substantial business value and drive significant organizational change, and neither is static. Loyal to a more predictable evolution of products and technologies (essentially Mode 1) combined with the new and innovative (Mode 2) is the essence of an enterprise bimodal capability.

Organizations are not necessarily bound to practice bimodal IT to be successful with their digital transformation, although it is considered to be common practice for existing companies with much legacy involved and where high risk is involved. The bimodal would probably not work efficiently for starting companies, with hardly any legacy.



Cloud first strategy

It is a common misunderstanding to identify Digital Transformation without acknowledging the fact that Cloud Computing is a necessity to achieve digital transformation to begin with. And it does not end with the above statement. Now we have identified that digital transformation has a multiplicity of ways on how to define it, where does it leave your business then and how to transform it?

Basically you might consider digital transformation as an ongoing activity, where everything you do, has to have a "cloud first" strategy. This means that whenever you decide on product development or acquiring solutions to support your business, a cloud oriented solution should prevail in all cases above a traditional solution that resides on-premise.

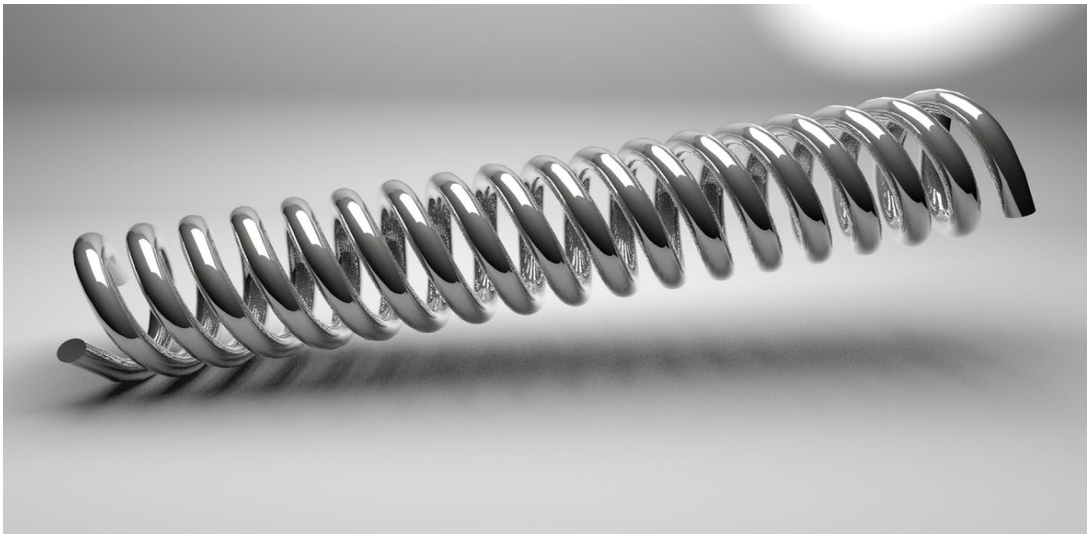
And within this process try to think out of the box instead of building upon already existing structures. In the past, industrialization started the same way; first we engineered existing structures that would make our own lives more comfortable, next we identified ways to improve processes and started to create new ones. Processes that were non-existent and were a leap forward into changing the businesses in those days.



Closing

Digital transformation has every aspect where a chain of events play a dominant role. When starting to identify these chains of events, you are well on your way to create the first process onto the road of transformation.

Time to transform!



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About BPdelivery



BPdelivery B.V. is an organization that focusses on service management process improvements within the cloud supply chain for service providers or IT departments within organizations. BPdelivery also provides for strategies on how to move businesses successfully to the Cloud. Our advisory services also contain deep knowledge about implementing the GDPR and ISO certifications on Information security and quality management.

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