UMEÅ UNIVERSITY

MANAGING THE DIGITAL ENTERPRISE

Individual Assignment 4

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Contents

1 Definitions of Digital Transformation

1.1 Paper: Digital doesn't have to be disruptive

The authors Nathan Furr and Andrew Shipilov described digital transformation in *Digital doesn't have to be disruptive: the best results can come from adaptation rather than reinvention* [2] as "adapting an organization's strategy and structure to capture opportunities enabled by digital technology" [2, p. 96]. The main aspects of digital transformation are listed as automation, virtualization, more targeted product and service customization, more informed decision making and machine-driven recommendations. Those technologies can be applied at almost every company and in almost every step of their processes. [2]

It can be difficult for companies to create a plan on how to act and execute their digital transformation. But radical replacements are only sometimes necessary – digital transformation means incremental steps to improve the processes. This includes getting more efficient and user-friendly using digital tools, finding the best way to reach the company's goals through digital tools or to overcome previous challenges. [2]

1.2 Paper: Five myths about digital transformation

Stephen J. Andriole stated in *Five myths about digital transformation* [1] that the path to digital transformation can be risky, even if it might lead to efficiency, innovation and competitiveness. According to the author, companies will fail to implement digital transformation unless it is extremely well planned and executed. There were five myths about digital transformation collected and presented to raise awareness to the risks and dangers of digital transformation. The resulting guidelines from those five myths are summarized in the following. [1]

1. "Not every company, process, or business model requires digital transformation" [1, p. 20]

2. Digital transformation does not necessarily use emerging or disruptive technologies.

3. If the company is already thriving, the transformation will not have a meaningful impact.

4. Disruptive transformation does usually not begin with the market leaders.

5. The executives do not necessarily want to transform digitally.

1.3 Paper: IT-enabled business transformation

In *IT-enabled business transformation: from automation to business scope redefinition* [3] by Nramanujam Venkatraman was stated that IT has a distinctive role in shaping the future's business operations while being a fundamental enabler in creating and maintaining competitiveness. Five levels of digital transformation were introduced and it was suggested that companies

should at first estimate the costs and efforts in comparison to the benefits and then move to higher levels of the transformation. Those levels are summarized in the following. [3]

Level 1 Localized Exploitation:

Deployment of standard IT applications with minimal changes to the business processes.

Level 2 Internal Integration:

Deployment of IT applications in the entire business process.

Level 3 Business Process Redesign:

Renewing of processes to improve efficiency with IT applications.

Level 4 Business Network Redesign:

Execution of digital transformation not only within the organization but with partners or suppliers.

Level 5 Business Scope Redefinition:

Redefining the market and the company's goals and potentially outsource tasks to third party companies.

1.4 Paper: Understanding digital transformation

Gregory Vial in *Understanding digital transformation: A review and a research agenda* [4] stated that digital transformation consists out of 8 building blocks: Digital technologies, disruption, strategic responses, value creation paths, structural changes, organizational barriers and positive and negative outcomes. Those building blocks and their connection build a framework, that was visualized. This can be seen in Figure 1. [4]
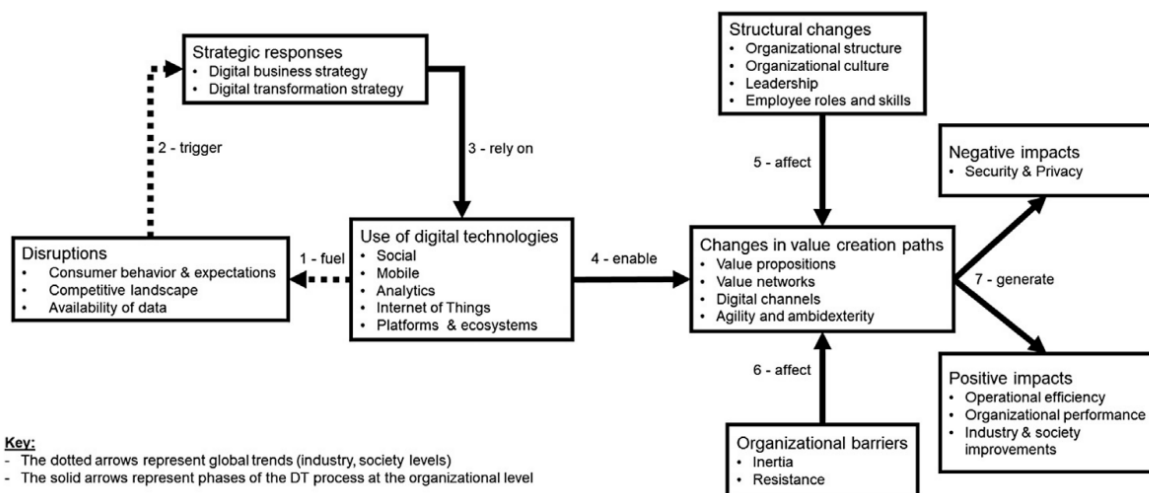

Figure 1: Digital transformation framework [4]

The framework shows the process of digital transformation where digital technologies creates disruptions in the global market, triggering global strategic responses from organizations. The organizations then rely on the use of digital technologies. Those technologies enable changes in value creation paths within the organization, which are based on structural changes in the organization and limited by organizational barriers. This results into positive and negative impacts for the organization. [4]

1.5 Paper: Digital Transformation versus IT-Enabled Transformation

Lauri Wessel, Abayomi Baiyere, Roxana Ologeanu-Taddei, Jonghyuk Cha and Tina Blegind-Jensen in *Unpacking the difference between digital transformation and IT-enabled organizational transformation* [5] focus on the difference between digital transformation and IT-enabled transformation. In previous literature, digital transformation and IT-enabled transformation was often examined regarding the strategic significance while emphasizing the similarities of those two concepts. In contrast to this, the authors stated that digital transformation can lead to a new organizational identity while IT-enabled organizational transformation is the enhancement of an existing organizational identity. [5]

2 Section 2

In the following, the key attributes for the definition of digital transformation from each of the in Section 1 described papers are listed.

Key attributes [1]

Five myths about digital transformation [1]

Key attributes [2]

Digital doesn't have to be disruptive [2]

Key attributes [3]

IT-enabled business transformation [3]

Key attributes [4]

Understanding digital transformation [4]

Key attributes [5]

Digital transformation versus IT-enabled transformation [5]

3 Section 3

Definitions
Text

References

[1] Stephen J Andriole. "Five myths about digital transformation". In: *MIT sloan management review* 58.3 (2017).

[2] Nathan Furr and Andrew Shipilov. "Digital doesn't have to be disruptive: the best results can come from adaptation rather than reinvention". In: *Harvard Business Review* 97.4 (2019), pp. 94–104.

[3] Nramanujam Venkatraman. "IT-enabled business transformation: from automation to business scope redefinition". In: *Sloan management review* 35 (1994), pp. 73–73.

[4] Gregory Vial. "Understanding digital transformation: A review and a research agenda". In: *Managing Digital Transformation* (2021), pp. 13–66.

[5] Lauri Wessel, Abayomi Baiyere, Roxana Ologeanu-Taddei, Jonghyuk Cha, and Tina Blegind-Jensen. "Unpacking the difference between digital transformation and IT-enabled organizational transformation". In: *Journal of the Association for Information Systems* 22.1 (2021), pp. 102–129.