

UMEÅ UNIVERSITY

MANAGING THE DIGITAL ENTERPRISE

Individual Assignment 1

Pina Kolling

supervised by

Dr. Daniel SKOG

and

M. Sc. Ramy SHENOUDA

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1 Effects of digitalization

The digitalization of business and organization has a big impact on companies, reshaping the way they operate and compete. These changes can be analyzed through the lens of *Scale*, *Scope*, and *Speed*.

Definitions

Scale	describes the rate at which products are created. [1, 3]
Scope	describes the investment in customer relationships or physical distribution. [1, 3]
Speed	describes a way in which existing capabilities are improved and new capabilities are developed. [1, 3]

Scale, *Scope* and *Speed* are also referred to as the three dimensions of digital business. [1, 3]

1.1 Scale

Scale

Scale describes the rate at which products are created. [1, 3]

Companies extended their *Scale* in the industrial era by increasing sales of products. This was limited by physical attributes such as cost and availability of materials and reaching enough costumers. [2, 3, 5]

A big aspect of the change of a company's *Scope* in the context of digitalization is the existence of digital goods. Goods can be seperated into the categories of material goods, services and digital goods. Digital goods can easily and cheap be reproduced and distributed. A physical product (material good) has to be produced more often, which generates more costs for material, transport, logistics and production in general. A digital product can often be reproduced and distributed on a bigger scale easily, after the product was created once. Only maintenance aspects like potential server costs can increase – the initial development costs of the product will not change. [2, 5]

Digitalization enables companies to reach a global market without a material good. But digital goods introduce new challenges like a high rate of piracy, because the digital goods can easily be reproduced and distributed by the consumer, too. [2]

1.2 Scope

Scope

Scope describes the investment in customer relationships or physical distribution. [1, 3]

As described in Section 1.1, companies extended their *Scale* in the industrial era by increasing sales of products. This was limited by physical attributes such as reaching enough costumers or

physical distribution (*Scope*). Digitalization enables companies to reach a global market more easily, because the costs of communication and transportation and distribution were decreased drastically. [2, 3, 5]

Digitalization introduced new opportunities to distribute products - for example the distribution of digital goods. Partnerships between businesses became more important and the relationships to the customer are primarily build online. A website for distribution and online customer support often replace the personal experience of direct communication between a seller and a customer. [2, 3, 5]

1.3 Speed

Speed

Speed describes a way in which existing capabilities are improved and new capabilities are developed. [1, 3]

TODO

Speed:

- Digitalization has accelerated the pace of business operations.
- Product development cycles have shortened.
- Customer expectations for speed have increased.

Overall, digitalization has transformed the business landscape by increasing the potential for scale, expanding the scope of business activities, and accelerating the speed of operations. However, companies must also adapt to these changes by developing digital capabilities, embracing innovation, and continuously monitoring and adjusting their strategies to thrive in the digital era. Failure to do so can leave them at a competitive disadvantage in an increasingly digitalized world.

2 Fast movers

3 Requirements to become a fast mover

[4]

References

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