

Chapter 5

Existing Approaches

Summary

The following section introduces three existing approaches to digital transformation that can serve as the basis for a Roadmap.

In the area of business model innovation, numerous approaches have already been analyzed in the literature and consolidated as procedure models (Bucherer 2011: 63; Schallmo 2013: 47; Schallmo 2015: 5, 131; Wirtz and Thomas 2014: 37).

Innovation of a business model includes changes in individual business model elements (e.g., customer elements, services, etc.) or changes to the entire business model (Schallmo 2014: 13). The digital transformation of a business model aims to utilize enablers within the business model, to raise digital potentials, and to create a digital value-added network as well as digital customer experiences. In addition, the digital transformation of business models is based on existing business models, and changes existing business model elements or creates new ones.

The following section introduces three existing digital transformation approaches that serve as the basis for a Roadmap to the digitalization of a business model. Additional approaches are also included that can be used for the design and modeling of new digital business models (Cole 2015; Hoffmeister 2017), or of a mature, existing model (Azhari et al. 2014: 38). These approaches, which are not specifically addressed in the Roadmap, can also be integrated into the Roadmap when suitable. Meanwhile, our primary focus is on Roadmap development.

5.1 Esser's Approach

Esser (2014) defines five phases that outline the development plan for a digital transformation strategy and its implementation. The phases are shown in Fig. 5.1 and are described briefly below.

Figure 5.1 illustrates Esser's approach.



Fig. 5.1 Esser's approach. Source: Esser (2014)

Analysis

Analysis focuses on four areas: customers, competitors, markets, and business capabilities. Customer needs and values are analyzed and segmented. Competitors are described and measured by their current (market) performance and market positioning. Newcomers to the market are also considered. The market is analyzed according to its size, its potential, its limitations, and future developments. Finally, available business capabilities are gathered.

Strategy

The second, strategy phase includes defining market position, deciding how the business wants to differentiate itself, and selecting the customer target group.

Design

Design is based on three areas: a vision for the customer experience, value proposition, and the identification of opportunities. The vision for the customer experience includes a statement about what the business would like to achieve. The value proposition answers the question of how and with what services one will excite customers. Finally, the identification of opportunities assesses current and new design ideas.

Organizational Impact

Organizational impact refers to the people, the structure, and the culture within the business. In addition, processes and systems are examined, and finally governance and control are defined.

Transformation

The transformation ultimately dictates the Roadmap and program management. In addition, internal communication as well as change management are planned. Lastly, branding and external communications are defined.

The defined phases are very general and therefore specific references to digital transformation are infrequent. Nevertheless, Esser's approach offers useful ideas about which phases and what content should generally be taken into account.

5.2 PricewaterhouseCoopers' Approach

PricewaterhouseCoopers (PwC) defines six phases for digital transformation within a framework (2013: 40). The phases are shown in Fig. 5.2 and specifically below (PwC 2013: 40).

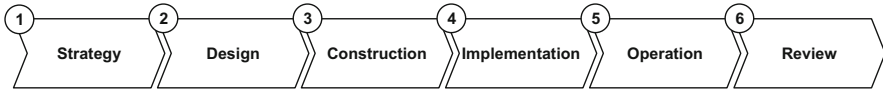


Fig. 5.2 PwC's approach. Source: PwC (2013)

Figure 5.2 shows PwC's approach.

Strategy

A strategy is developed within the framework of the first phase, and the effects of digital dynamics should be understood here. The company's current position is determined and a new business model is designed. In addition, a safety assessment, a value-creation analysis, as well as the legal and tax ramifications are considered. Finally, corporate culture and human capital are analyzed.

Design

The second phase is the design of the transformation Roadmap. To these ends, the collaboration model, the value-creation network, and the operating model are defined. In addition, the target architecture, the transformation plan, and the target model for corporate culture are determined. Lastly, the tax and legal aspects are modeled.

Construction

The third phase is construction, which completes the development of a digital business platform. To achieve this, governance is introduced and a platform or application is developed. The operating model and business/IT services are adapted based on this construction. Digital security and skill management are also defined.

Implementation

The implementation phase initiates the previously developed business platform. Quality assurance and employee training are rolled out to ensure a successful transition.

Operation

In this phase, new business models are considered while in operation as running systems. Here, governance, the platform, and application management and reporting play a vital role.

Review

The last phase is review, which includes performance monitoring and optimization. For this purpose, service level adjustments are made and operational optimizations as well as optimizations to the business model are carried out.

Together, these six phases account for several aspects of digital transformation, all of which are described extensively in the PwC approach.

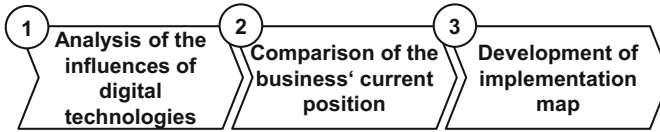


Fig. 5.3 Bouée and Schaible's approach. Source: Bouée and Schaible (2015)

5.3 Bouée and Schaible's Approach

Bouée and Schaible describe a digital transformation master plan that is specifically designed to address a digital future (Bouée and Schaible 2015: 34). The phases are presented in Fig. 5.3.

In Fig. 5.3, Bouée and Schaible's approach is presented.

Analysis of the Influence of Digital Technology on the Industry

Within the framework of this phase, different distinct future scenarios are forecast and potential changes in value chains are analyzed. In addition, technologies are categorized and relevant market participants are evaluated. As a result, there are frequently several changes identified in this phase.

Comparison with Current Position of the Company

The second phase involves an analysis of opportunities and risks for the existing business. Furthermore, affected products, customers, and regions are analyzed. In addition, digital capabilities such as human resources or partnerships are defined and the digital business strategy is established. Resulting implementation and competence gaps are identified.

Implementation of the Roadmap

In the final phase, relevant options for the future scenarios are defined. For example, digital skills in need of further development are identified and cooperative market participants are discussed.

These phases capture several aspects of digital transformation and include detailed analyses.

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