

DIGITAL TRANSFORMATION

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First Draft

DIGITAL TRANSFORMATION

Digital transformation is the process of using digital technologies to create new – or modify existing – business processes, culture, and customer experiences to meet changing business and market requirements. It arises from the intersection of:

1. cloud computing;
2. Big Data;
3. IoT;
4. AI.

The power of digital technology applied to every aspect of the organization.

Investing in technology is not the same as DT. Digitalization isn't about changing how you do business, or creating new types of businesses.

DIGITAL TRANSFORMATION

Digital Transformation (DT) has become an imperative for most organizations in our world of emergent and continuous change, otherwise the risk outright **extinction** is high.

BUSINESS

CORE: is what creates differentiation in the marketplace and wins customers; (Tiger Woods: golfing)

CONTEXT: consists of everything else: finance, sales, marketing, It could be outsourcing. (Tiger Woods: marketing).

DT demands a complete overhaul of core processes and capabilities.

DIGITAL TRANSFORMATION

MISSING OR FAILED TO CHANGE MEANS EXTINCTION

BLOCKBUSTER

an American video and videogame rental company:

employed 60.000 people

\$5.9 billion in revenue

in 2000 Netflix CEO proposed a partnership to run Blockbuster's online presence as part of \$50 million acquisition. Blockbuster declined.

Today Blockbuster no longer exists

and

Netflix has a market capitalization of over \$160 billion

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MISSING OR FAILED TO CHANGE MEANS EXTINCTION

YAHOO!

It was the poster child of Internet.

In 2000 was evaluated **\$125** billion, It had the opportunity to buy both Google and Facebook and in both cases, they failed to execute the deals due to pricing issues: \$3 billion was too much to pay for a company like Google.

In 2008 Microsoft attempted a hostile takeover of Yahoo at the price tag of about **\$45** billion Yahoo rebuffed.

In 2016 Verizon acquired Yahoo for **\$4.8** billion.

Today Google and Facebook have a market capitalizations of **\$840** billion and **\$500** billion, respectively.

DIGITAL TRANSFORMATION

MISSING OR FAILED TO CHANGE MEANS EXTINCTION BORDERS

An American book retailer. In 2003 It had 1249 stores.

It contracted its e-commerce business to Amazon.com. It was a mistake and a threat. Borders failed from establishing a proprietary online presence and to enter the e-book business.

In 2010 Borders attempted to launch its own e-reader and e-book store but it was too late.

One year later, Borders closed its doors for the last time.

DIGITAL TRANSFORMATION

DATA MOATS (TRENCH AROUND A CASTLE)

Large companies have an extremely favourable positions, because:

- 1) have enormous quantity of user and consumer data creating a formidable time-to-market advantage;
- 2) have access to substantial capital;
- 3) can recruit superior data scientists, build superior artificial intelligence algorithm. The outputs generate superior insights and let to achieve superior economic performance.

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CEO (CHIEF EXECUTE OFFICER)

DT are initiated and propelled by CEO to the board to each function and line of business. DT needs to proceed in a unified and holistic manner.

CEO has a KEY ROLE in DT.

CEO needs to understand the technologies driving the today's DT, because technologies will profoundly change market and the way to do business.

DIGITAL TRANSFORMATION

Назарыңызға рахмет!

Спасибо за внимание!

Thank you for your attention!