The Digital Transformation Starts Now!

Digitalisation imports the will to change, the will to abandon the beloved stability of old traditions in favour of flowing changes by transformation and disruption.
The actual raw material of digitalisation consists of every sort of data and this raw material generates itself from mathematical algorithms.
Digitalisation encompasses almost all areas of life, up to and increasing to a virtually complete extent. This does not only apply to companies but also to public institutions as well as individual persons.
Almost nobody will be able to elude digital transformation in the long term.

Politics recognised the dimension of digitalisation: German government issued the Digital Agenda 2014 - 2017 and the EU economic plan also includes a corresponding aim. The development and utilisation of new information and data technologies represents fast changes for all of us and is out of all proportions to the utilisation of the "analogue system" which has been developed and exercised over the course of the past centuries.

Digitalisation and its Impact

Digitalisation enables business companies to increase in efficiency and thus enables also an improvement of the company's economic viability. By utilising information and communication technologies, operational processes are performed faster and more cost-effective than it would have been possible without digitalisation. For example, this is realised through converting physical documents and analogue information into digital form.

The value for all industrial branches and domains with mostly mobile and data-driven business models in this consists in being able to use this data within intern or extern platforms via network. But digital transformation is far more than an IT-ORG matter. The new and mostly mobile (keyword: BOYD) oriented business models with widely automated and often interactive processes ask for a professional relationship regarding digitally conducted communication through information and data flow as well as involved costumers, business partners and staff members. Basically every participant, employee, user (citizen) will be in need of a personal information and data management on his or her own system or in a Cloud (telecommunications platform) in the future.

How Should This Transformation Be Performed?

The future world of production will only succeed if the management designs new digital business models for their companies and actively takes part in the process of shaping and realising them. Towards digital transformation, the IT/ORG has to be involved right from the beginning and should take a new part in the realisation. Alternatively, the executive management could appoint a Chief Digital Officer (CDO) as an additional organisational executive and thus pursue following goals:

- Improvement of focus on costumers,
- Increase in intern and extern speed,
- Guarantee of information and data security as well as
- Positive shift of productivity within the company.
- To achieve these goals, it is necessary to recognise and identify at which point the own company's infrastructure costs too much, the intern effort is too high and the level of digital automation achieved so far falls short. The goal herein lies to realise these demands in a new way in the course of digital transformation. There are two different models for that: digital transformation and disruptive digital change.

Digital Transformation vs. Disruptive Digital Change

The majority of the EU countries find favour in the model of digital transformation, since the targeted technological changes are easier to organise and to realise for businesses.

To the advantages of this approach counts the time frame advised by German government as well as Brussels which gives the opportunity for businesses and public institutions to face this continuous challenge. Consequently, digital transformation becomes more comprehensible, traceable and less risky for all parties concerned.

However, there are disadvantages as well. Savings in time, costs and manpower and the conjoined technological changes - contrasted with businesses which rely on disruptive digital change - will progress at a slower rate. This can lead to losses in competitive ability and transaction volume in the global market.

The model of disruptive digital change is primarily advocated by American businesses as well as start-ups and businesses in threshold countries. The market in which long-established businesses take root as front runners is open for changes and can be conquered by companies like Amazon, Uber or Tesla as well as Asian businesses. Also Apple, Google, Facebook and the like conquered the market with this method.

This approach clearly has the advantage that the realisation of new technologies is immediate and without consideration of available provider, their products, solutions and services. This ensures a surprising success. The sustainability of these products and solutions will only be determined afterwards. The outcome is a client-driven digital strategy by the provider.

Hereby, developed and existing structures will be ignored, which is disadvantageous. In addition, not yet fully developed technologies are executed in the process. These are introduced and concurred by the user to the market and - because of lacking possibilities for comparison - the price for that will be accepted.

Five Components for Digital Transformation

The digital strategy will show itself in drastically changed buying patterns, consumers' behaviour and behaviour in life of all subsequent generations. However, we have to go ahead and face these digital changes right now, otherwise neither provider nor user will obtain acceptance. This becomes visible by the way of example of premium brands and model companies of "pre-big-data times". The "giants of yesterday" lose their supremacy as a brand by lacking a data- and costumer-driven business model. However, it should be clear to all involved: there is no turning back! Digitalisation is going to dictate our future. Five components add clarity to the fields of action.

1. **Politics:** digital legislation and digital education form a part of this
2. **Human being:** this component includes digital models, digital culture, digital dialogue and digital security.
3. **System:** digital methods, digital platforms and digital points of intersection fall into this category.
4. **Technology:** This component encompasses all semantic-linguistic up to cognitive methods.
5. **Types of project:** this term refers to digital interactive project management.

These five components interact with the areas of expertise and organisation sectors of management, knowledge and human capital:

- The management should react in an intelligent and guiding way and perform accordingly to the alterations induced by the digital change.
- Knowledge - next to financial resources, basic materials and labour - proved itself as fourth factor of the economic system and thus needs to be included.
- In a digitised, mostly virtual world which poses ever-growing demands and rapid development, the human subject, the human capital should not be ignored.

Conclusion

A practice-oriented approach aimed at building a digital business should ideally be based on the five before-mentioned components. First of all, it is necessary to analyse every single component as well as all involved areas of expertise and organisation sectors. Only if it is assessed which sector requires which type of action, the digital transformation can begin. However, digital transformation should not be limited to technical aspects, but it should necessarily include transformation on organisational level.

An additional, but often neglected aspect is the factor human subject.
The digitalisation of business processes, which normally occurs simultaneously to the operational daily business, implies an enormous mental challenge for management and staff members. Regarding internal health management, they should be attended to with appropriate recreational offers by their organisation.

Only if digital transformation takes place on all levels and in consideration of all relevant components, the process will be successfully implemented and have a lasting effect. This way, the company will be able to maintain or extend its competitiveness and market position in the future. Only those organisations which face the changes and adapt to the new conditions will live through the digitalisation .

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