



Don't Forget about the ~~Digital~~ Transformation!

TÜSİAD - Turkish Industry & Business Association

Professor Joe Peppard
Istanbul, Turkey | December, 2017

What is this?



The comfortable illusion of becoming digital

Just the facts

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Magic Bullet Thesis of Digital Transformation

Technologists develop robust technology and shoot it at the problem and business managers expect it to provide the solution, create the required change and penetrate users



Digitizing an industrial company

“You go to bed an industrial company – you wake up in the morning a software company.”

“We believe that every industrial company will become a software company.”



Jeff Immelt, Chairman and Former CEO, GE

Digitizing an industrial company

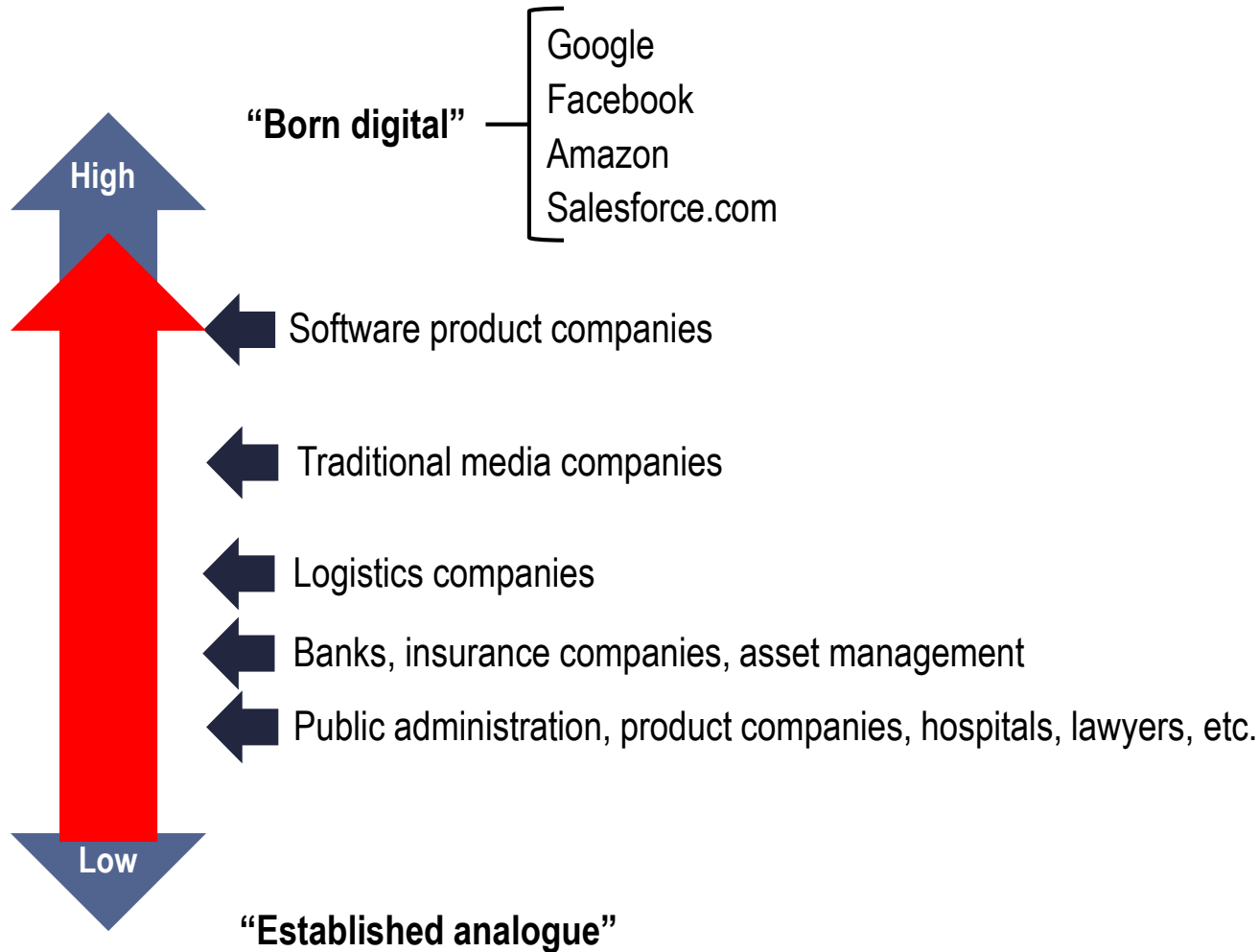
"This is something I got wrong. I thought it was all about technology. I thought if we hired a couple thousand technology people, if we upgraded our software, things like that, that was it. I was wrong. Product managers have to be different; salespeople have to be different; on-site support has to be different. We've had to drill and change a lot about the company".

Jeff Immelt, Former Chairman and CEO, GE



Source: GE's Jeff Immelt on digitizing in the industrial space, *McKinsey*, October 2015

Where are we starting from?



... but adopting your organization for the future is not easy

Selected milestones



Netflix appears in 2000

Redbox appears in 2002

Blockbuster bankrupt
in 2010, ceased
operation in 2013

BORDERS®

Amazon begins online
bookstore in 1995

Amazon IPO in 1997

Borders bankrupt 2011

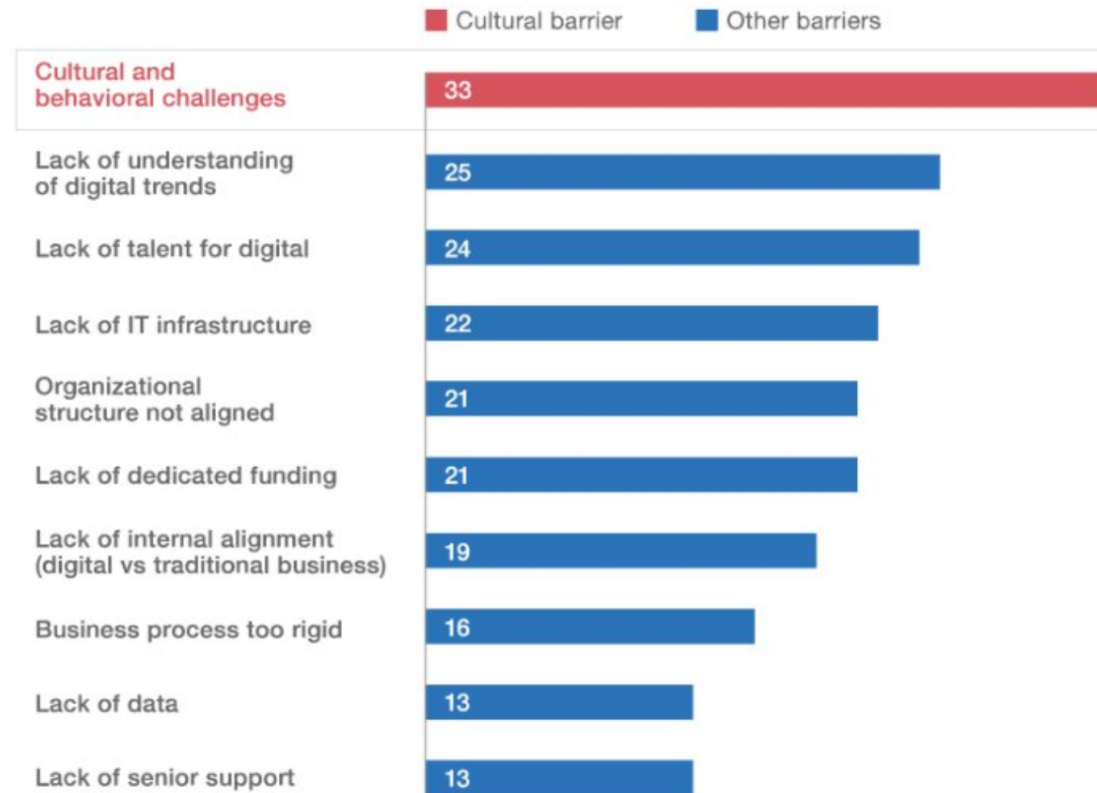
Years spent
trying to adapt

9 years

10 years

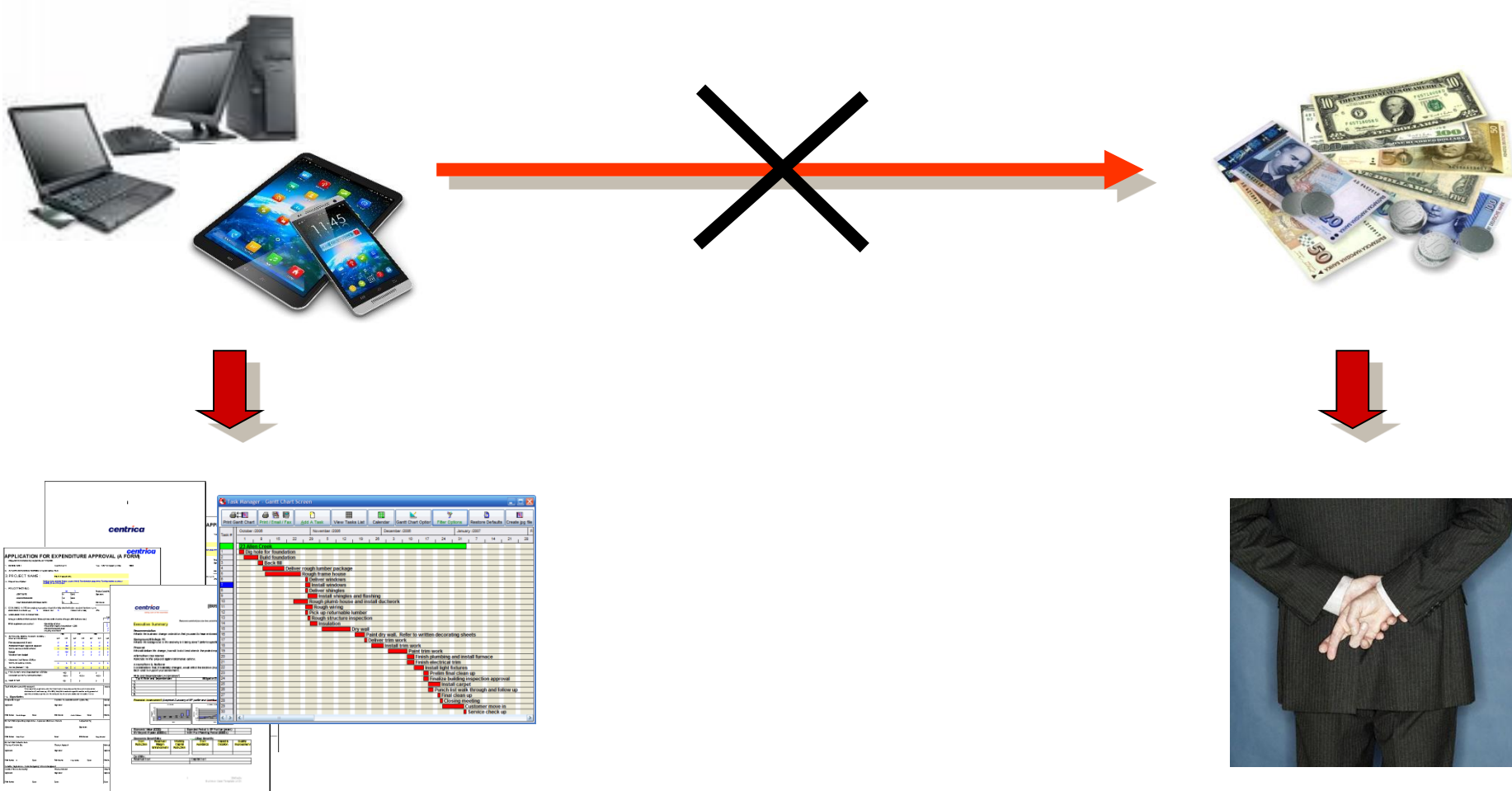
Culture is the most significant self-reported barrier to digital effectiveness

Which are the most significant challenges to meeting digital priorities?
% of respondents



McKinsey&Company | Source: 2016 McKinsey Digital survey of 2,135 respondents

The relationship between digital technologies and business benefits



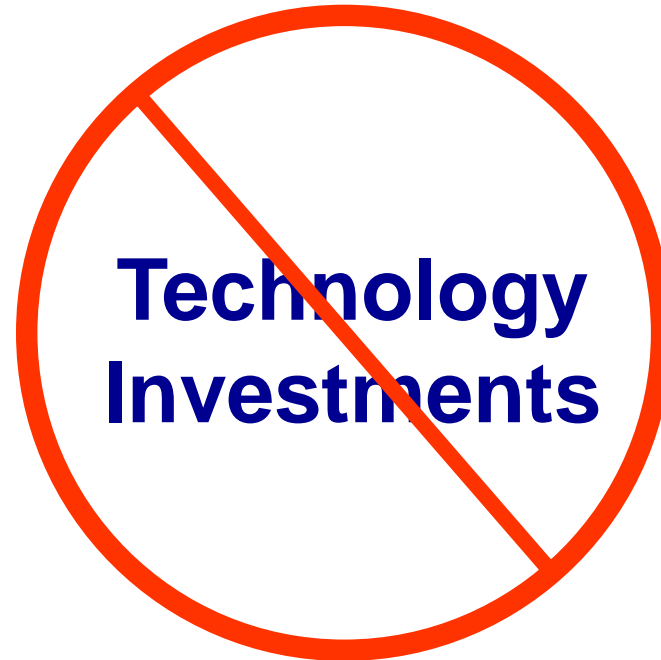
Benefits and change....

Benefits cannot be delivered
without change ...



... change without benefits
cannot be sustained

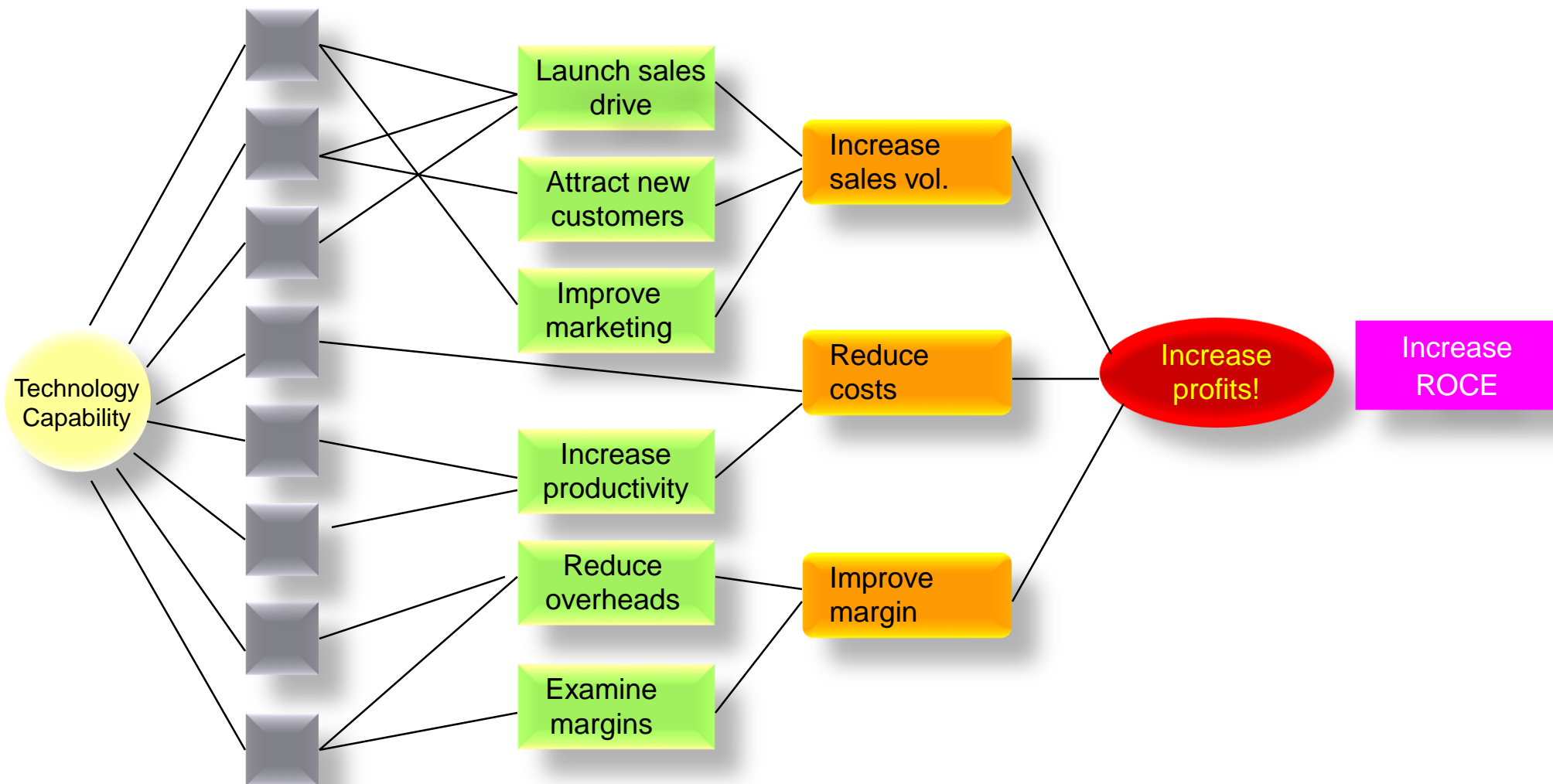
Reframing the digital challenge



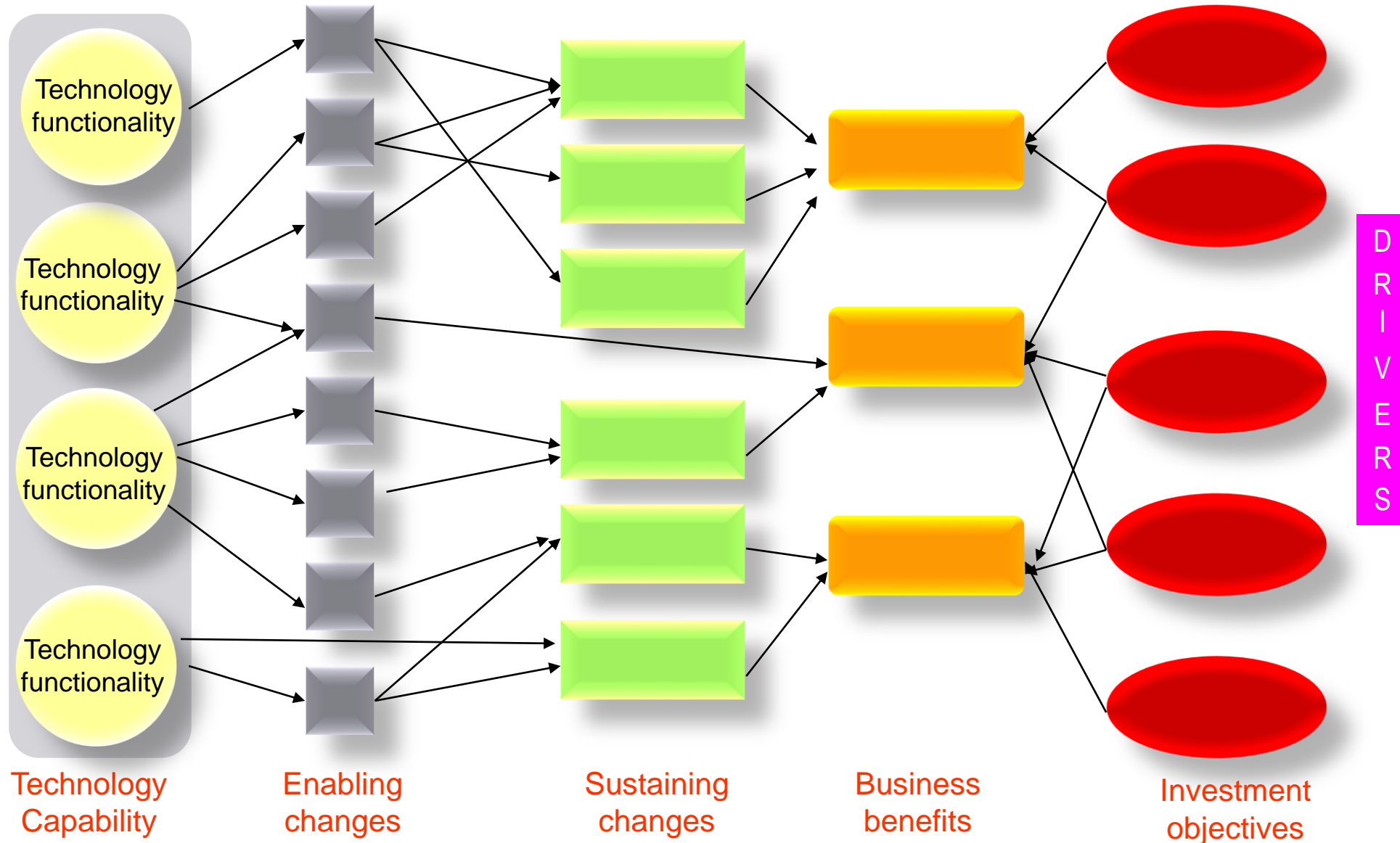
➡ **Investments in**
Change ⬅

Increasingly complex change that is both shaped and enabled by digital technologies

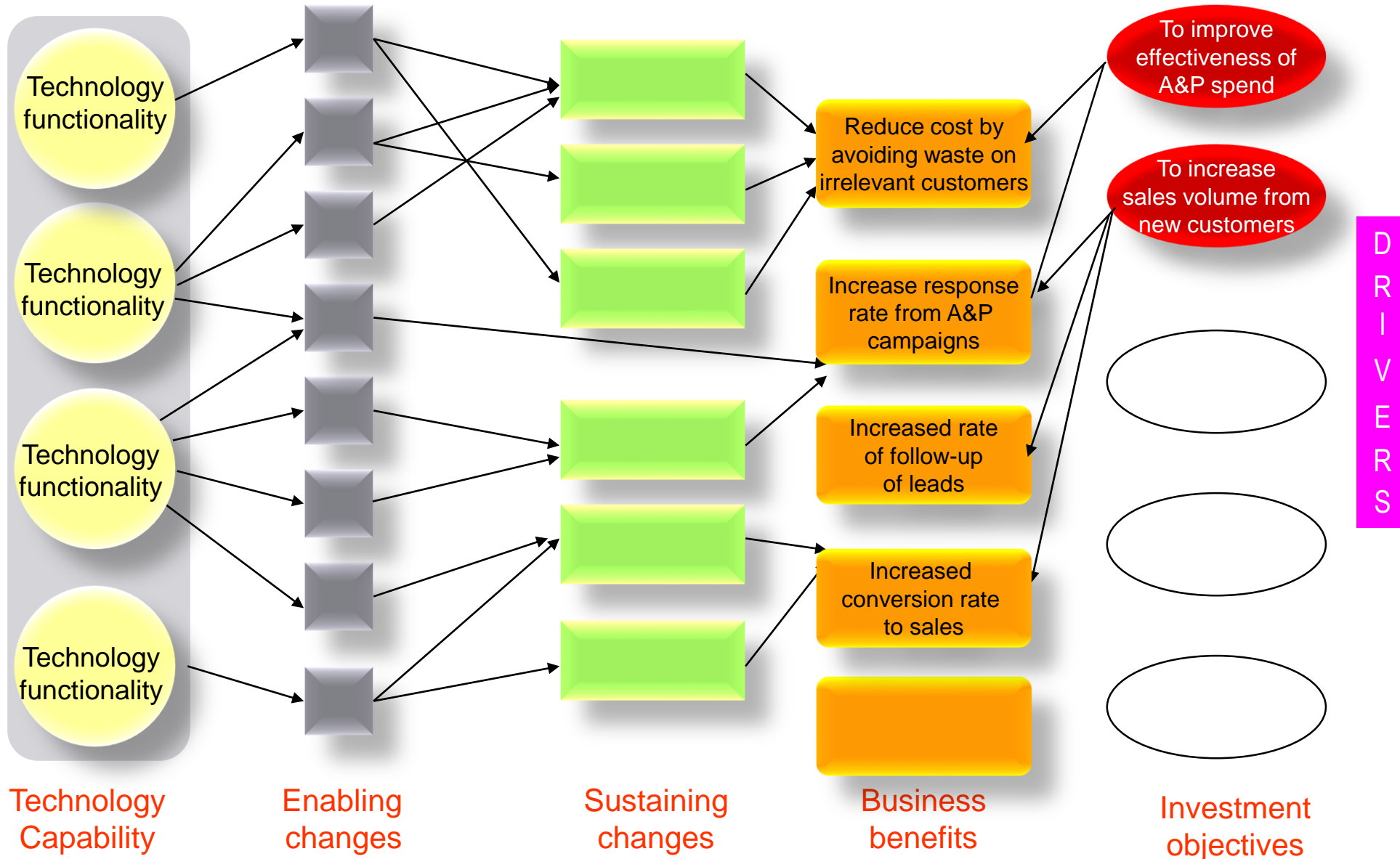
Mapping and understanding how expected benefits from digital investments will be achieved



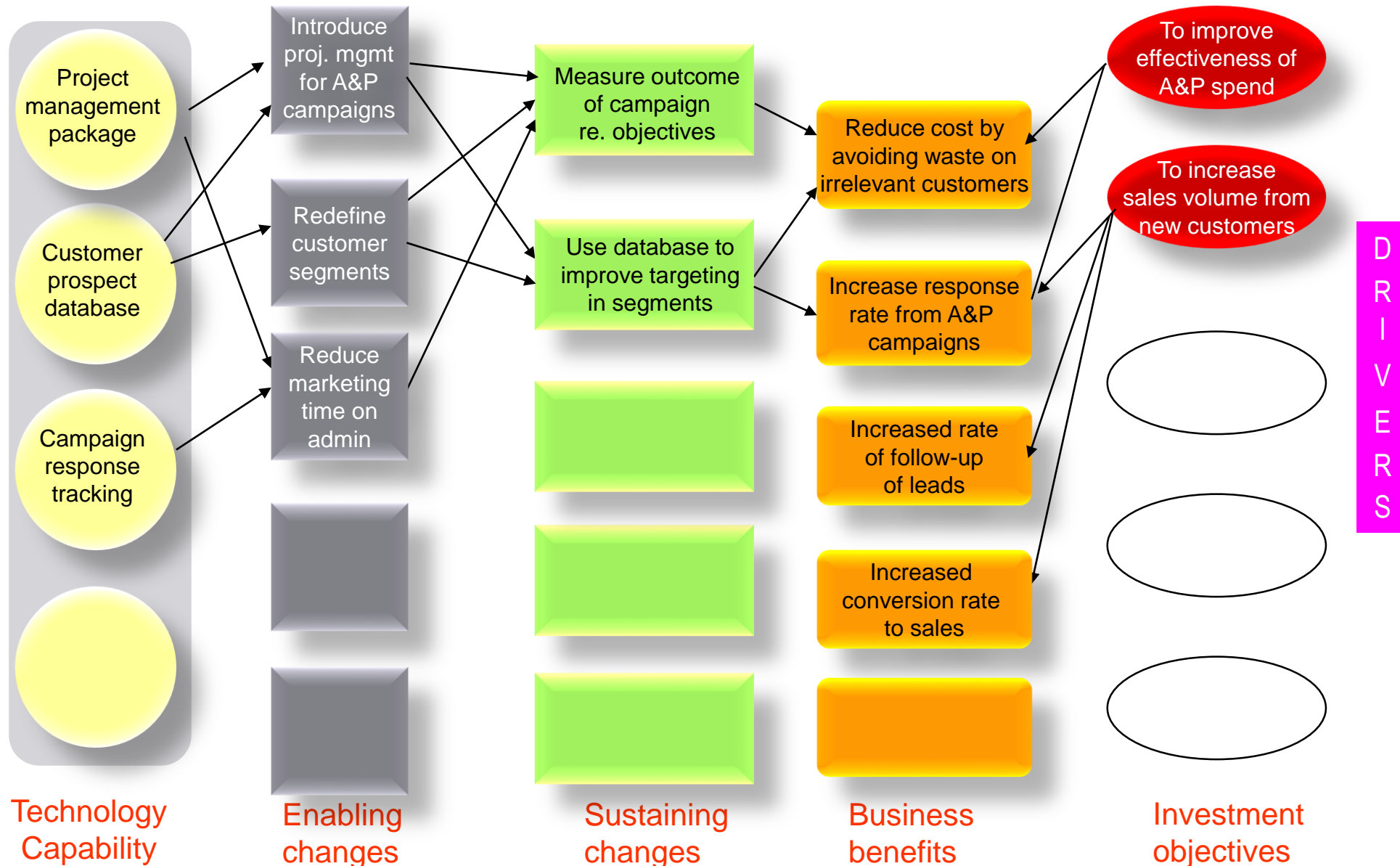
Benefits dependency network: linking IT with benefits



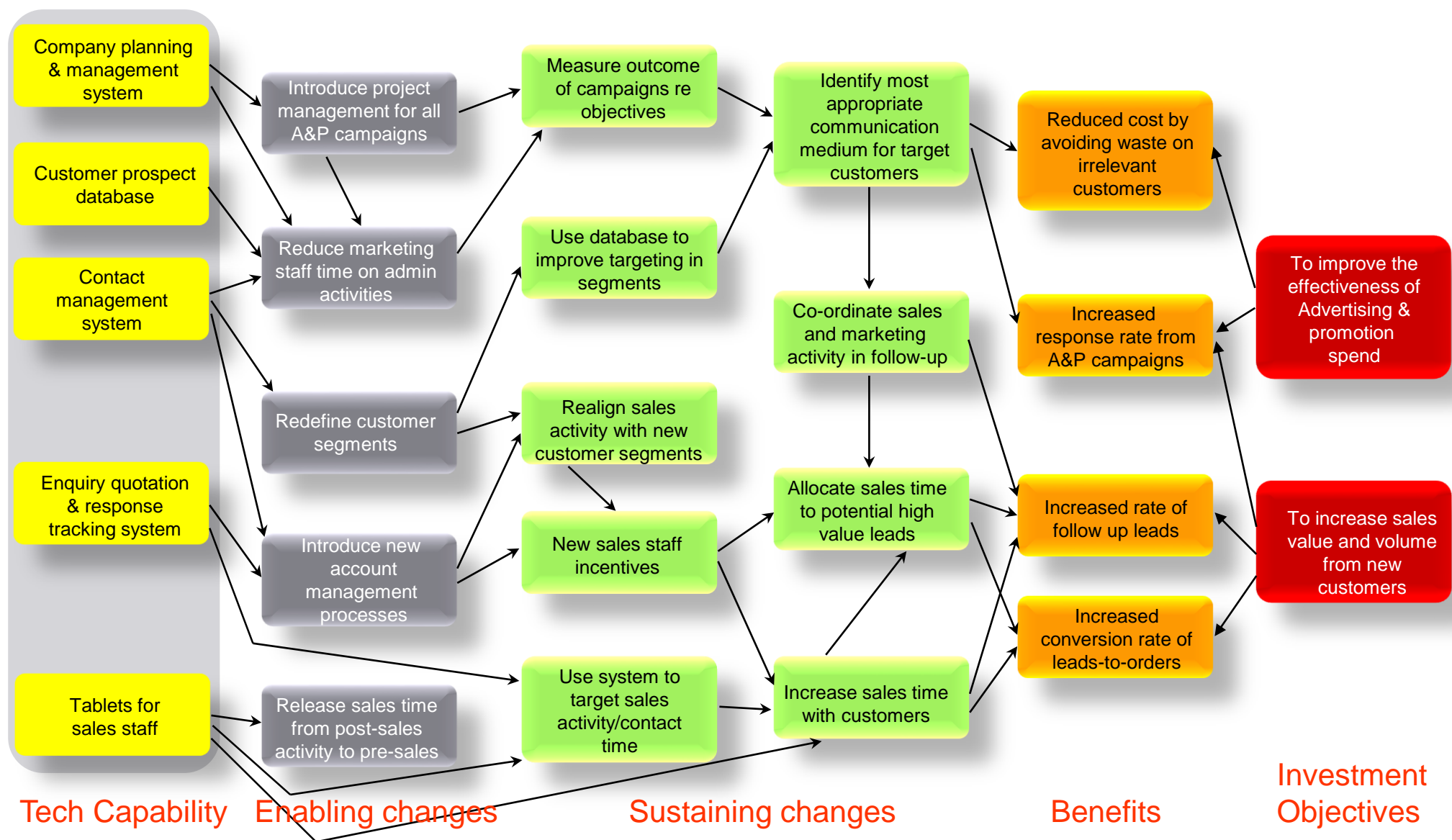
Benefits Dependency Network: linking technology with benefits



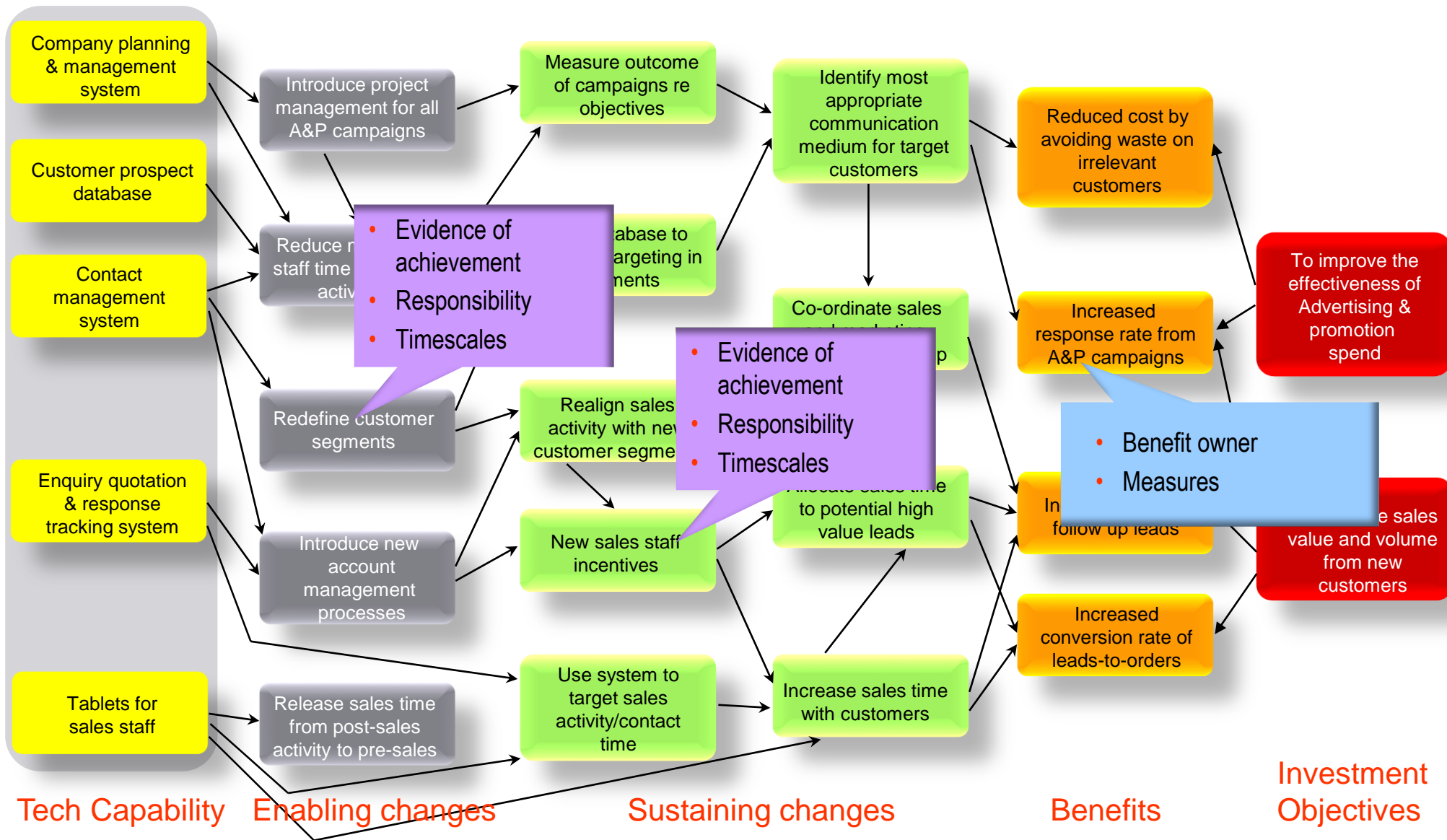
How to get the benefits....



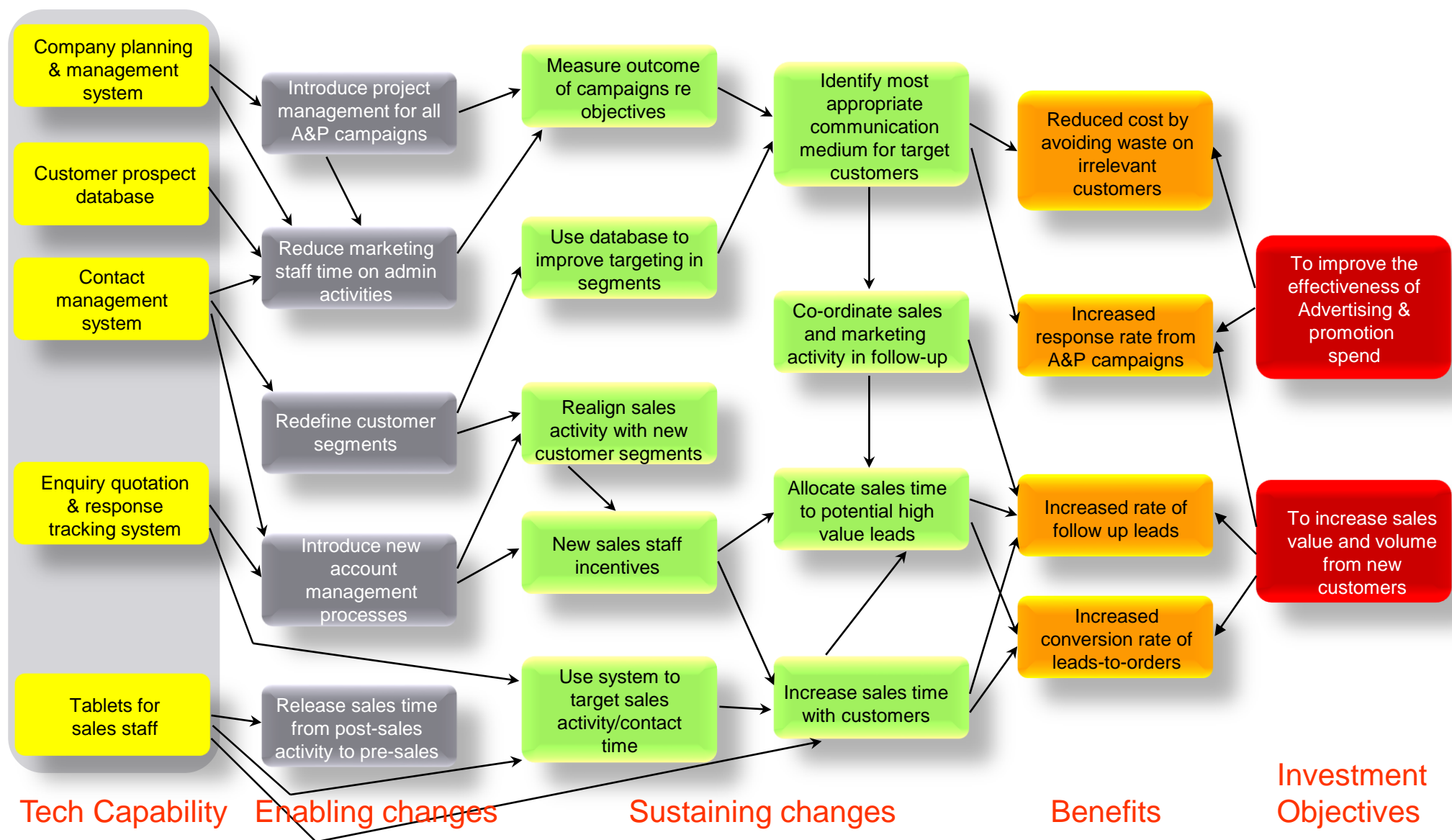
Benefits Dependency Network – CRM investment



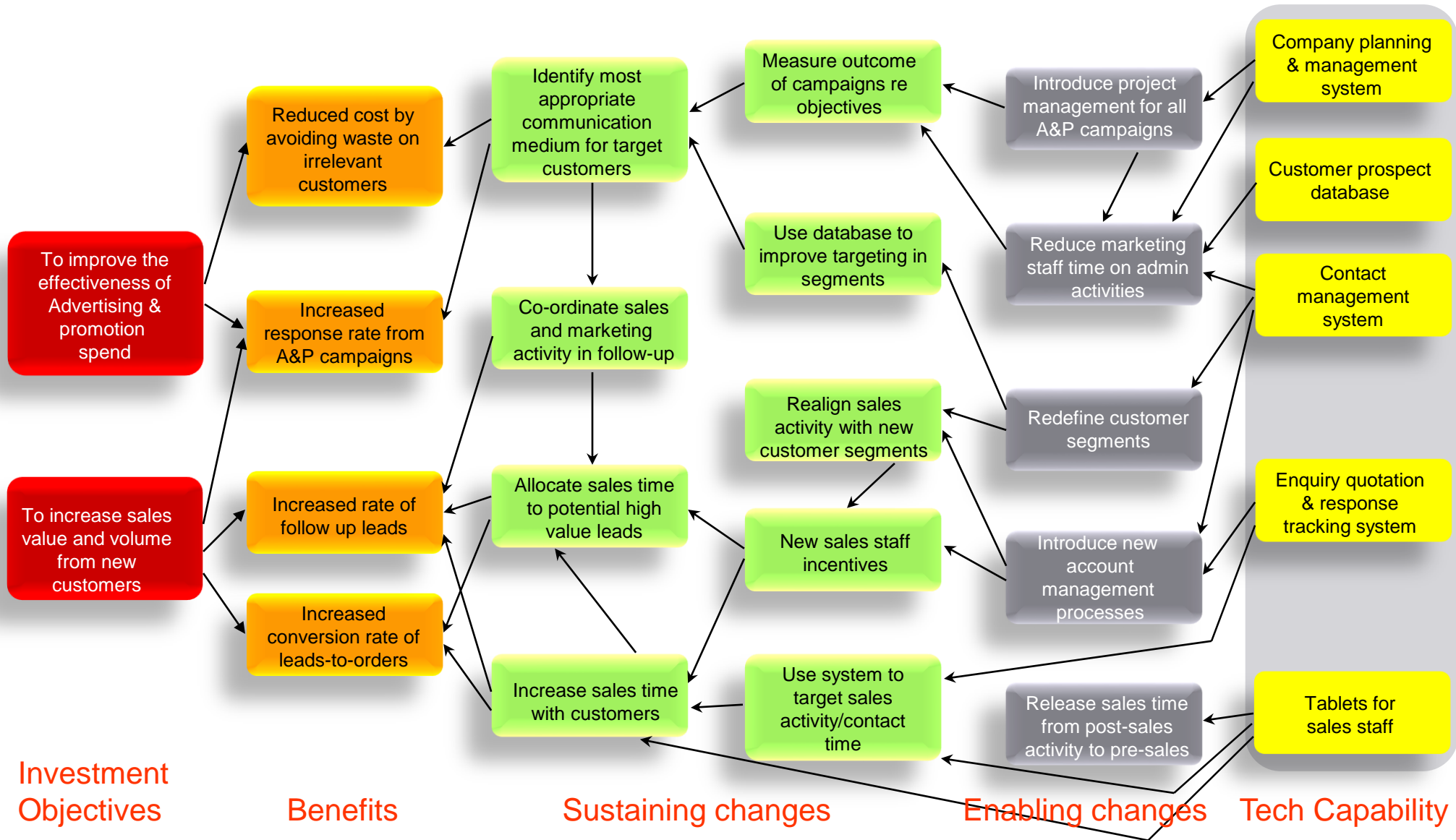
Benefits Dependency Network – CRM investment



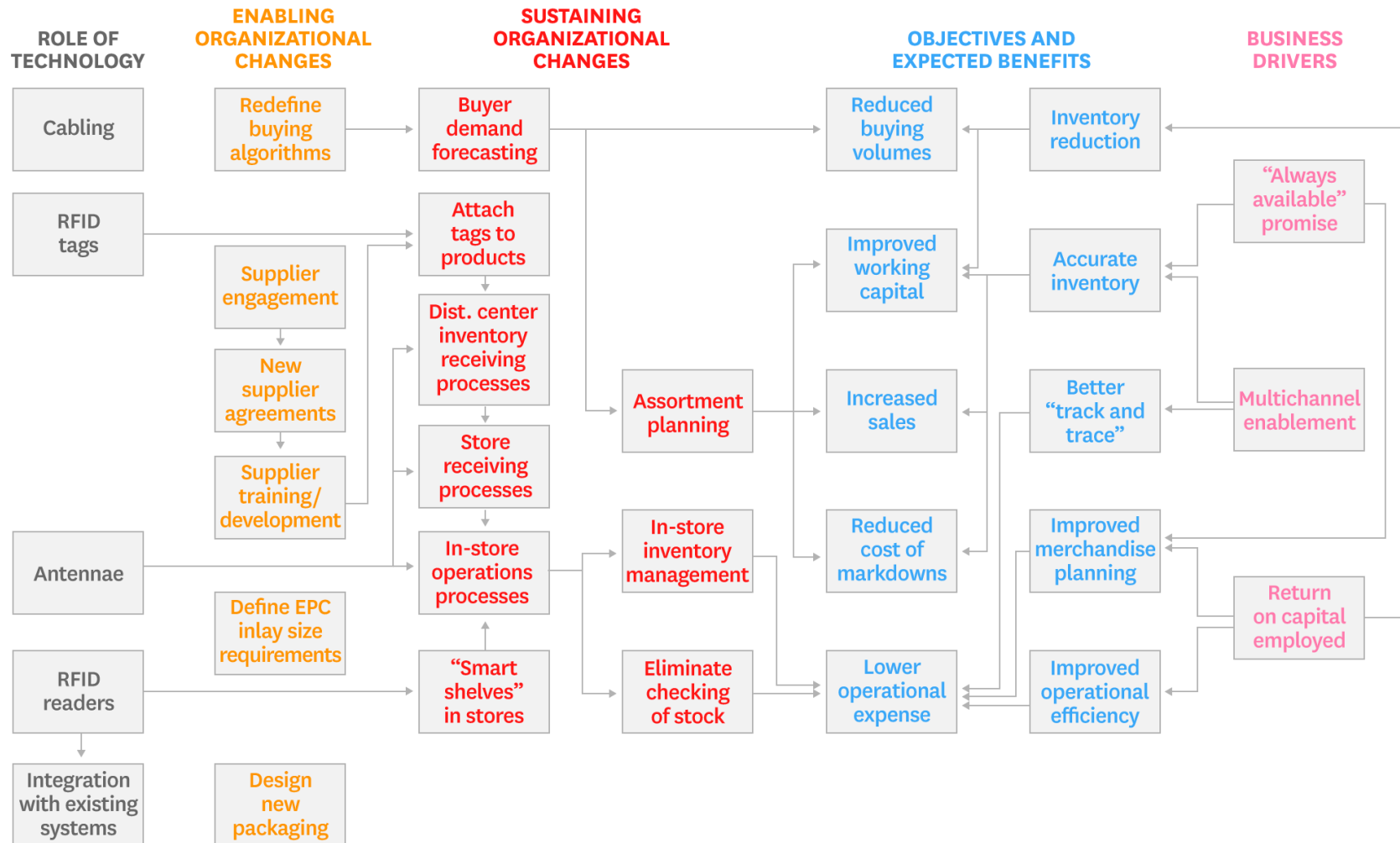
Benefits Dependency Network – CRM investment



Benefits Dependency Network – Presenting



A partial BDN for and RFID investment at a European Retailer



SOURCE JOE PEPPARD

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Technology is not a panacea

- **Technology has no inherent value in itself**
 - possession of technology does not confer any benefits or create value
- **Benefits and value must be unlocked**
 - only managers and users can do this (i.e. make the necessary changes)
- **All IT projects have outcomes but not all outcomes are benefits**
 - manage to achieve positive outcomes
- **Expected benefits must be actively managed for**
 - they are not something which automatically occur

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thank you