

# hvordan gearer man organisationen til **digital** --- transformation?

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Professor

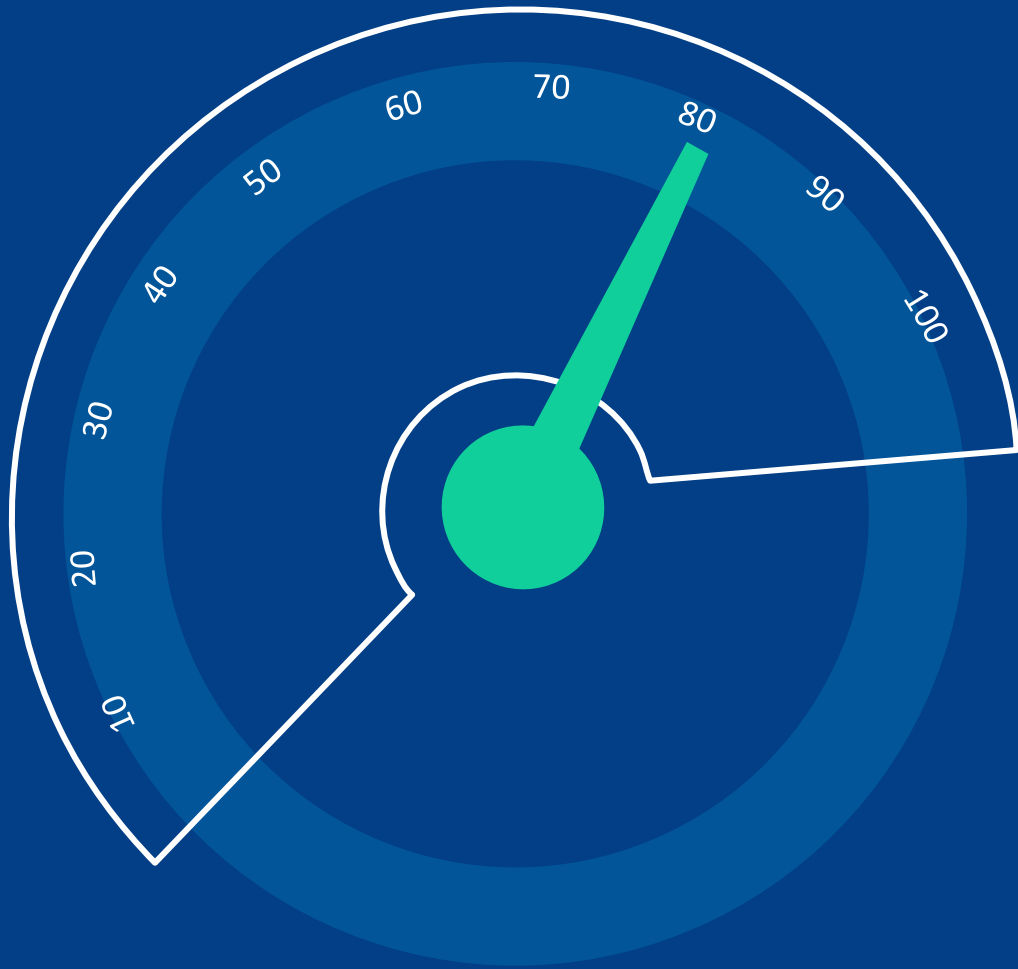
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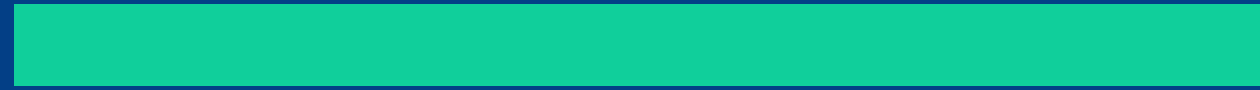
# Agenda

- ✓ **Three recipes for simplification**
  - ✓ **Disentangling digital innovation and digital transformation**
  - ✓ **Disentangling good complexity and bad complexity**
  - ✓ **Disentangling new and old skills**

# digital innovation and digital transformation



**Agility**



**Speed**



# Competitive Advantage

# Sustained Agility

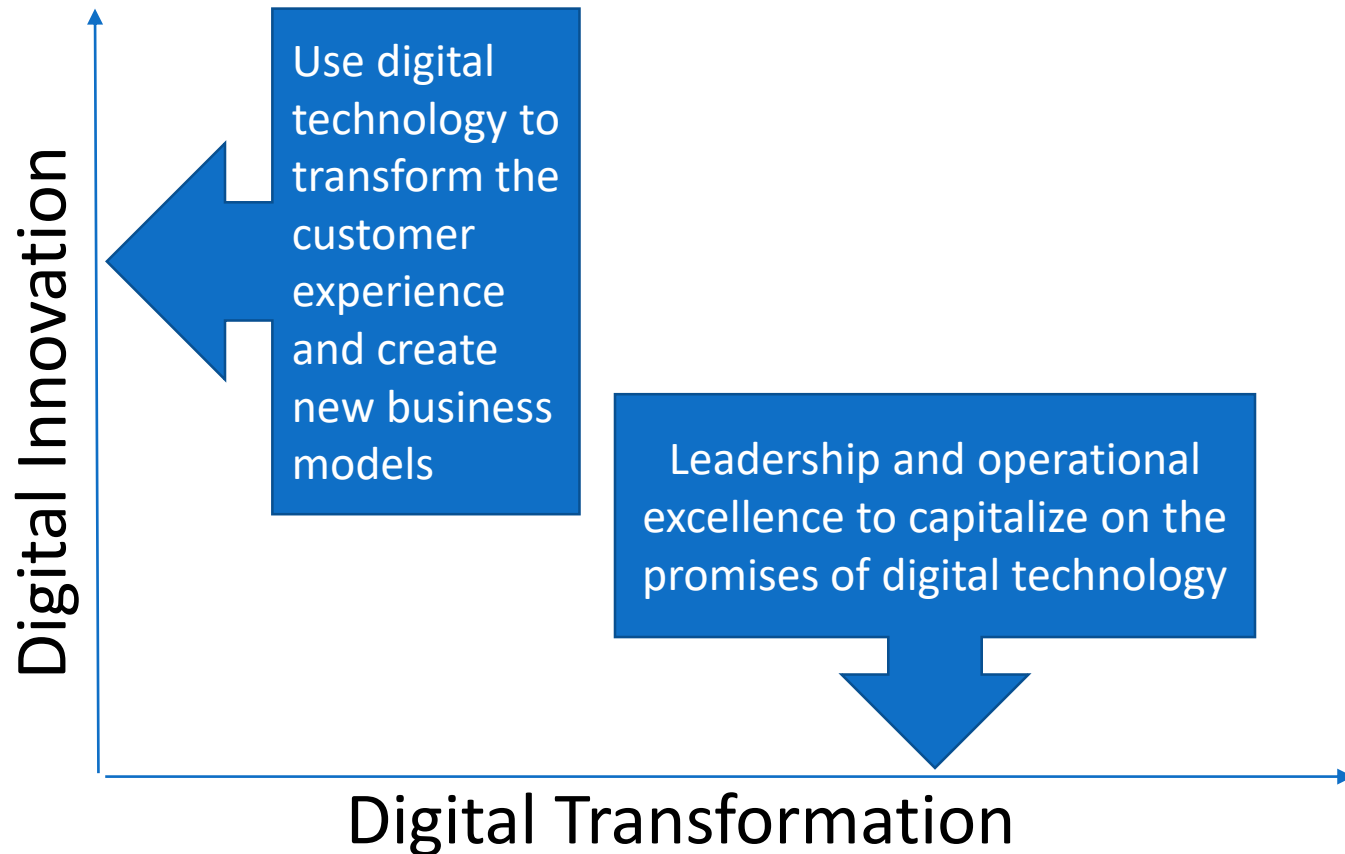
 Oct 30 at 13:08 • Aarhus, Denmark • 

**DEADLINE FOR KLUBTØJBESTILLING D. 3/11!**  
Husk, at skal I bestille klubtøj og -hætter til levering inden jul, er det senest d. 3. november. Hvis I ønsker at bestille andet fra Svømmespecialisten ([www.svoemmespecialisten.dk](http://www.svoemmespecialisten.dk) - vælg klubtilbud under menu: kategori og herefter AGF Svømning) med klubrabat, så lav to separate bestillinger, således at I kan... Continue Reading



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# Disentangling Innovation from transformation



Who would have thought that we can sell three (Hue) lamps for \$200?. We thought, how can we reinvent the value proposition of lamps?

...

And we have done it by making digital lightning a home automation game (Frans van Houten, CEO, Philips)\*



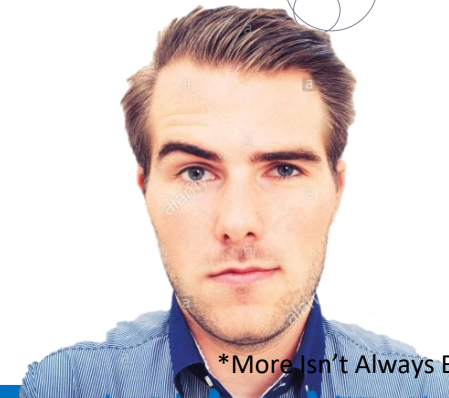
# good complexity and bad complexity



# Complexity compromise

- › Organizations look for value by increasing variety (complexity) of products and services
- › In doing so, organizations lose value by creating non value adding complexity.
- › Sometimes the connection is not so clear:
  - › Internal process complexity
  - › Stupid customers ???

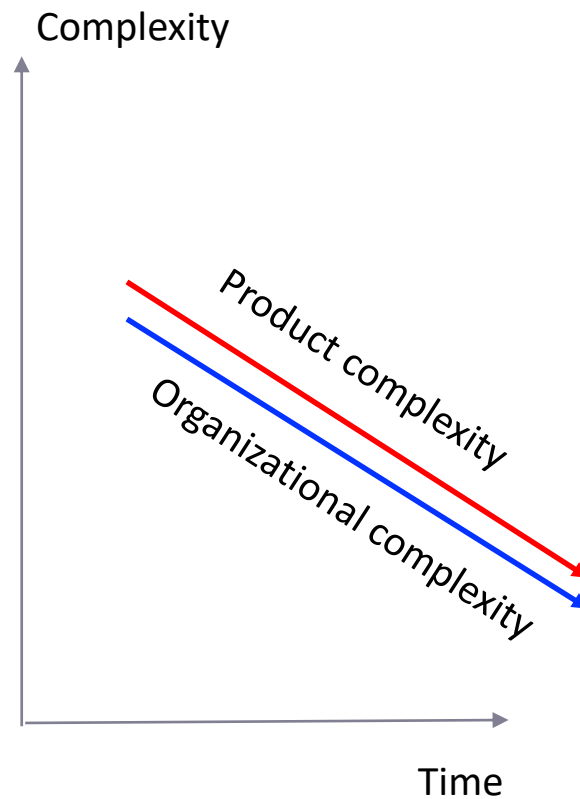
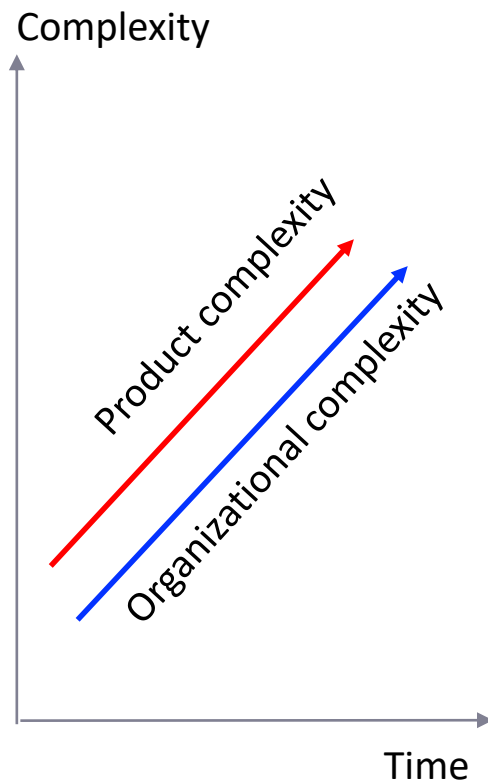
... when the time came to purchase, people who saw the large display (24) were one-tenth as likely to buy as people who saw the small display (6)\*.



\*More Isn't Always Better, Barry Schwartz, HBR JUNE 2006 ISSUE



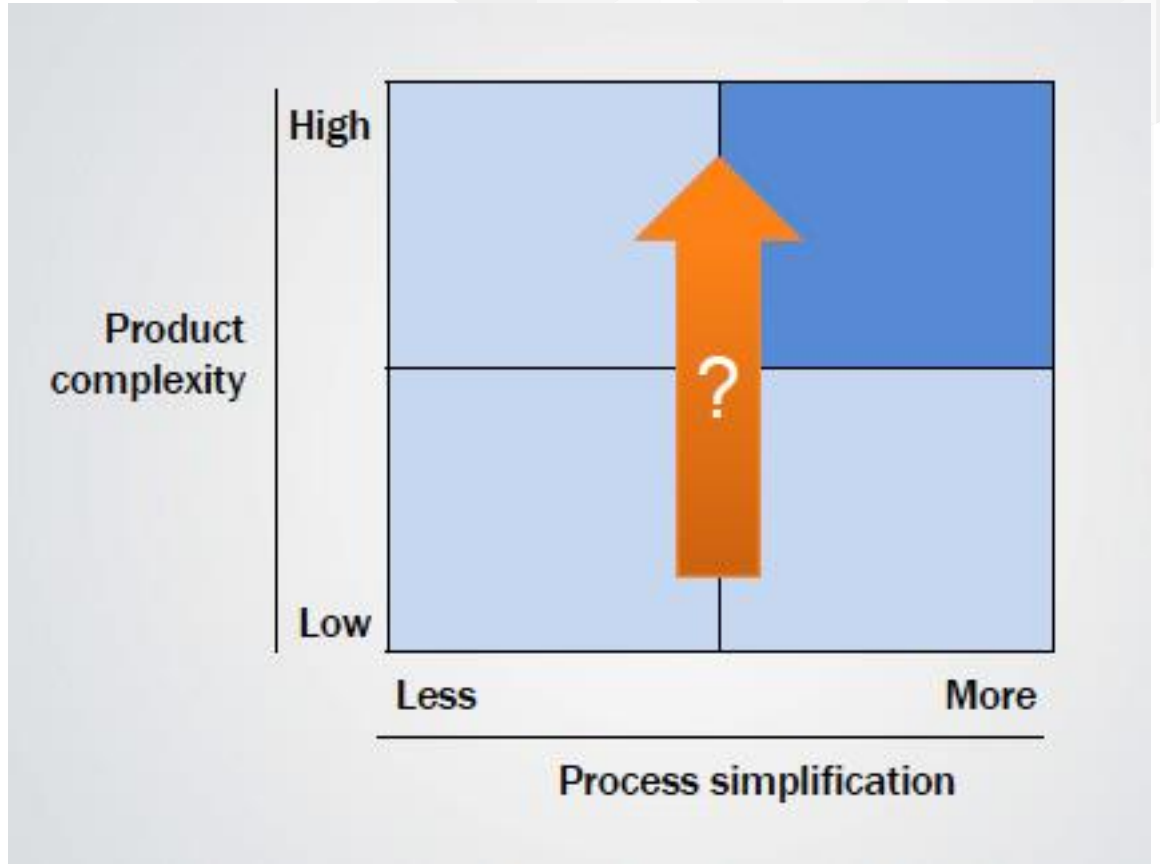
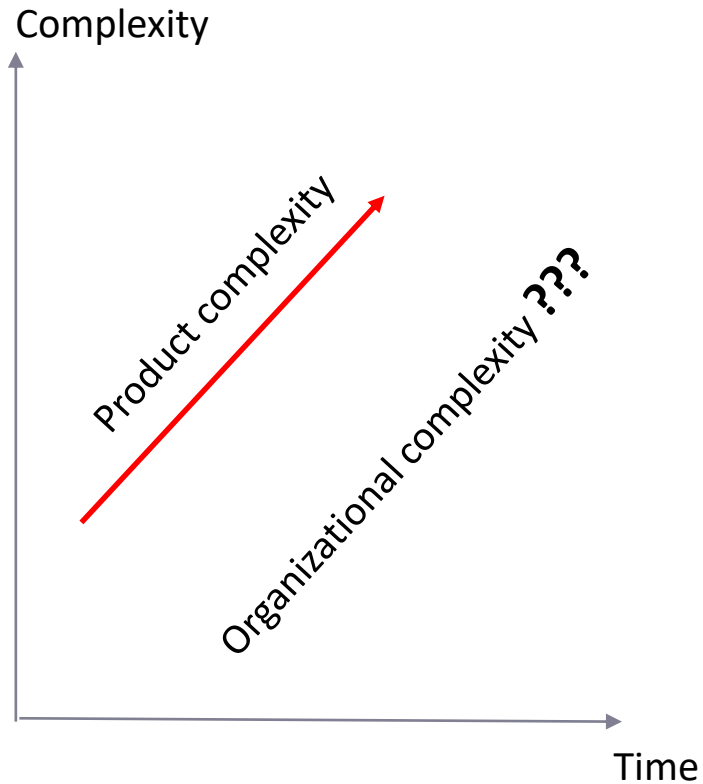
# Complexity trends



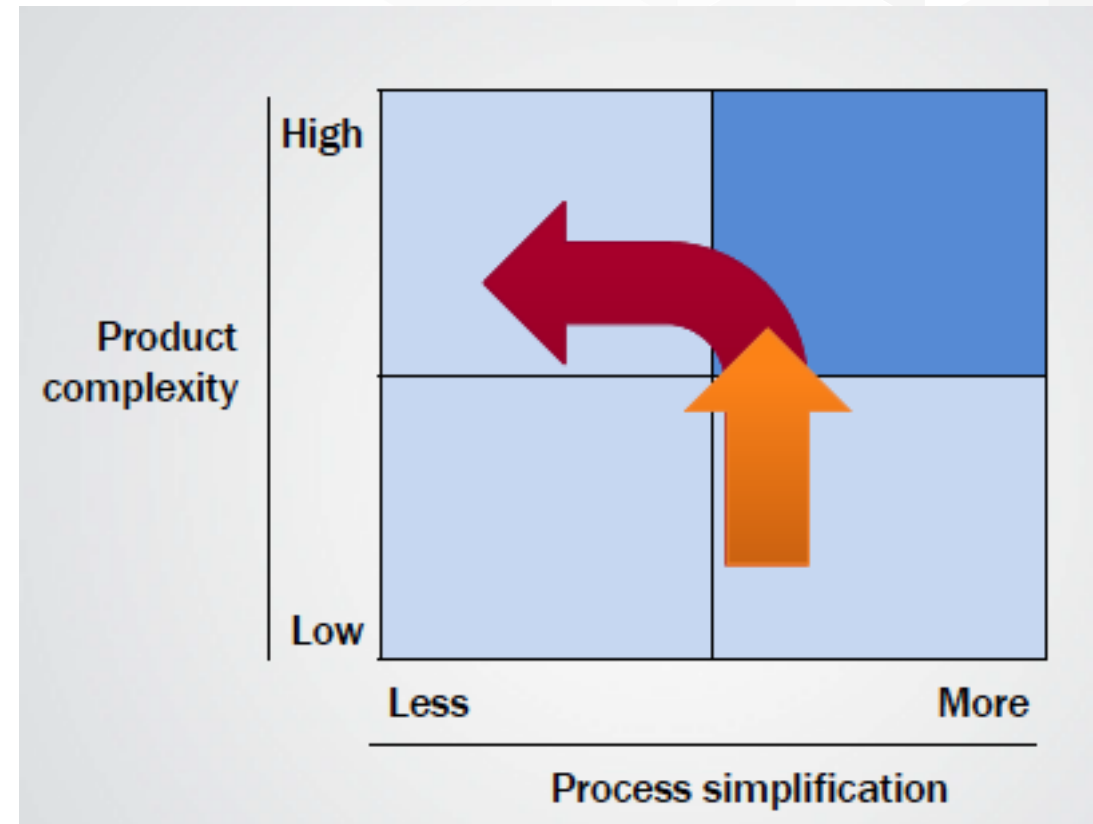
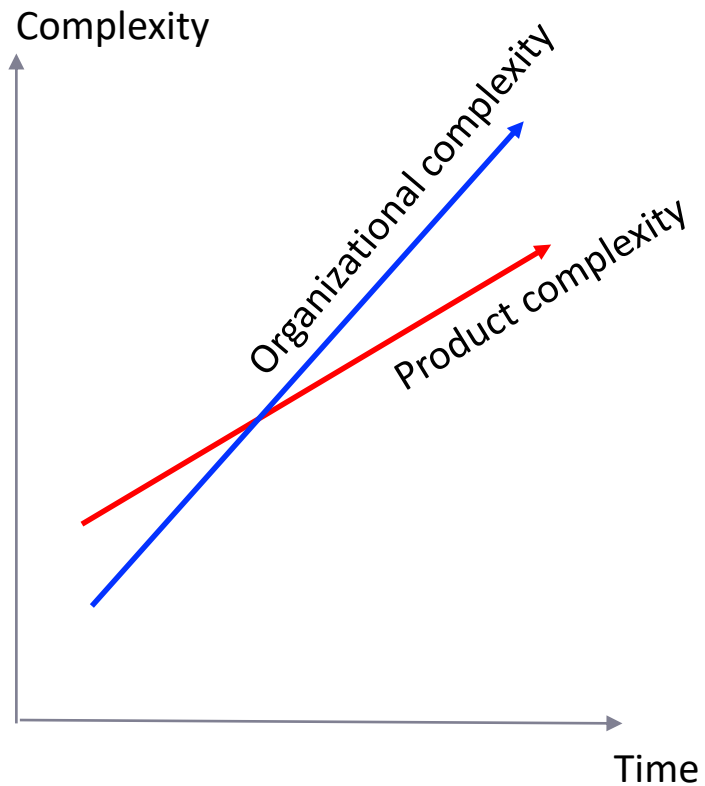
The lifetime value of the average customer using more than one [bank] product is 9 times more than those with only a savings account



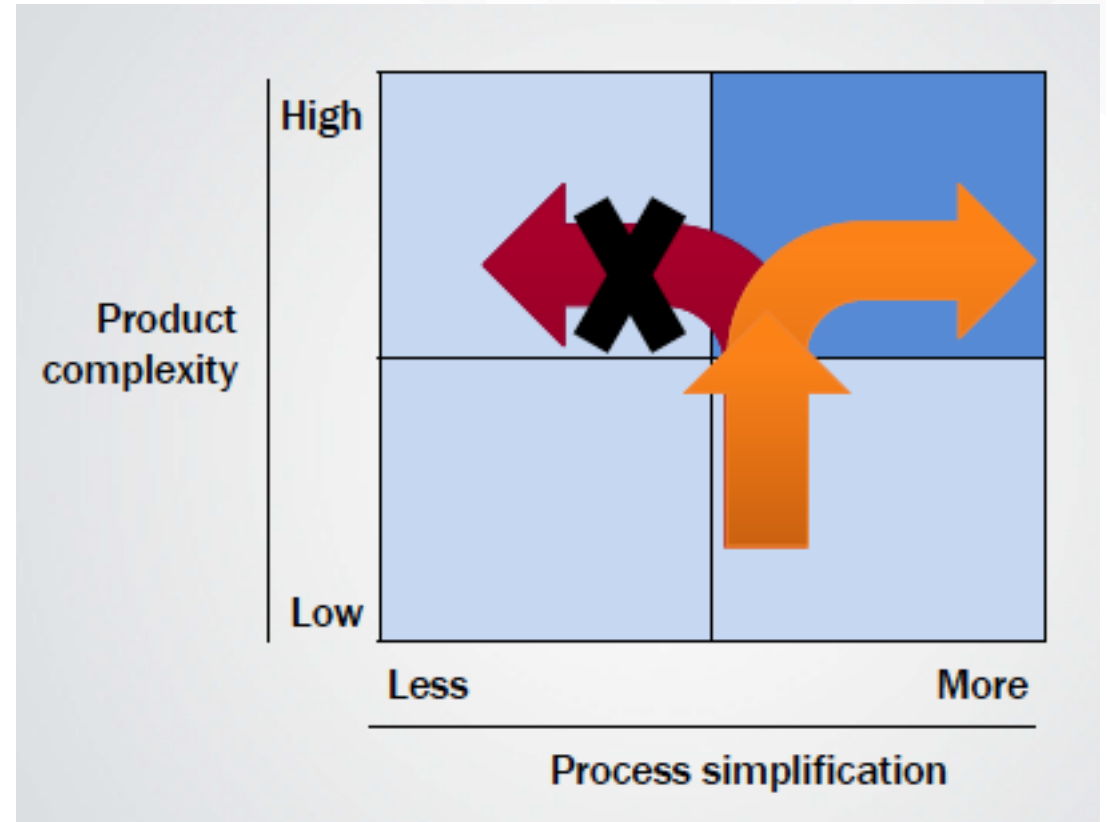
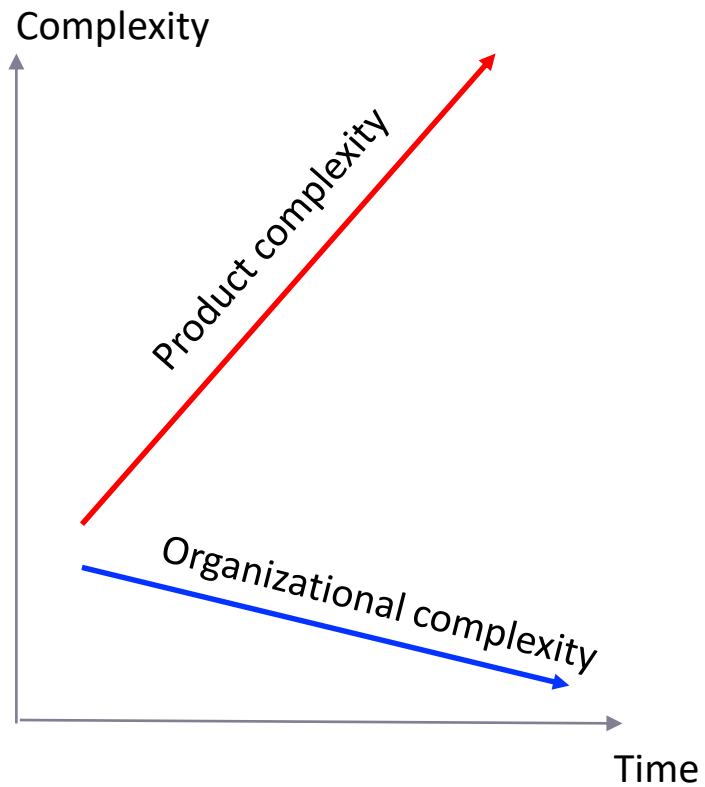
# How product and service complexity adds value



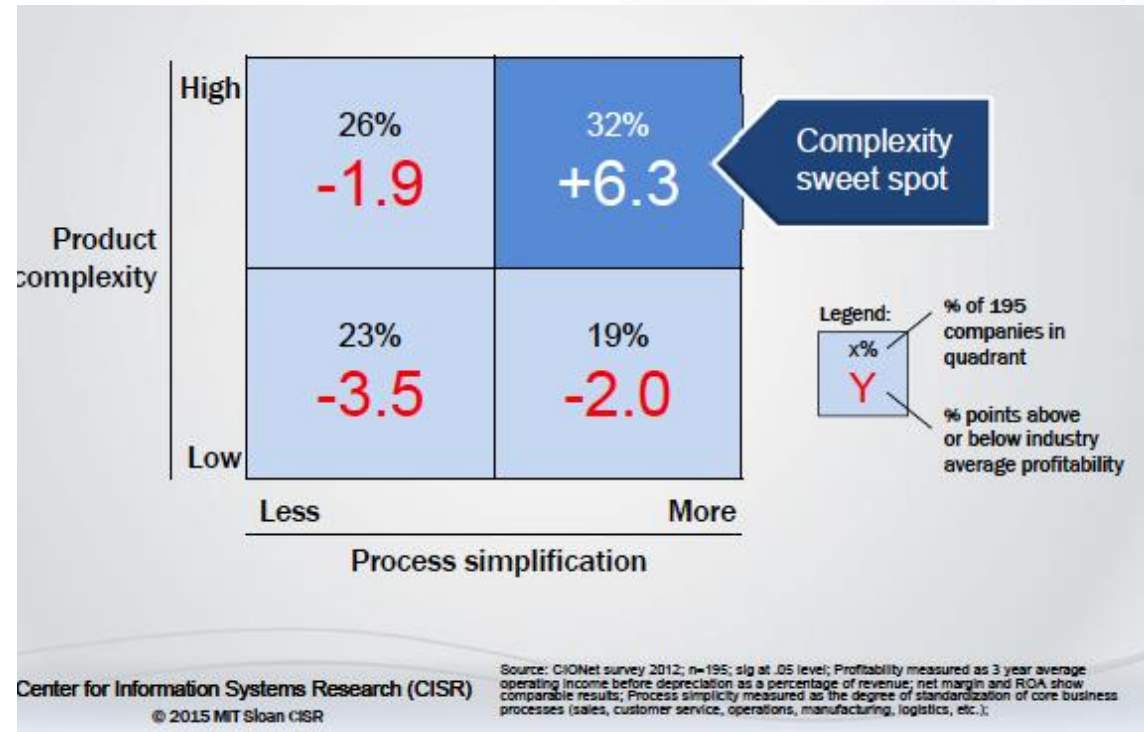
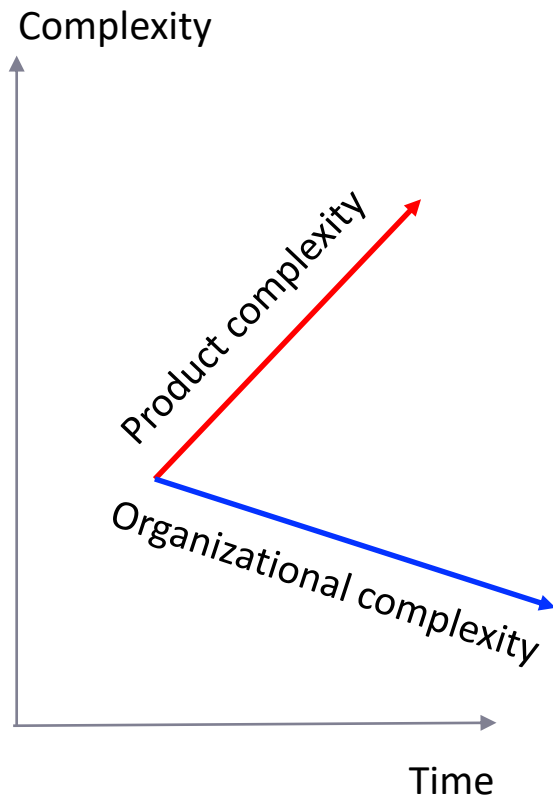
# Risk of increasing product and service complexity



# ING, Philips, amazon ...



# Companies can create value from product complexity while maintaining simple processes ... finding the complexity sweet spot



# Fours examples where digitization helped to decouple product complexity from organizational complexity





# Digitization and complexity?

- › Digitization can decouple product/service complexity from process complexity.
- › Digitization for products : Product platforms, search features, product configurators, recommendations, customer reviews, seller ratings, perks, offers, ...
- › Digitization for process: Enterprise Architecture/digitized process platform (coherent set of standardized processes supported by standard applications, data and technology).





# new skills and competences

# Injection of digital competences

## New talents

- Students
- Headhunting

New PEOPLE

**NEW  
Competences**

New SKILLS

**Kompetence- og  
lederudvikling**  
Efteruddannelse  
Executive education

TECHNOLOGY

METHODS

**Forskningsamarbejde**

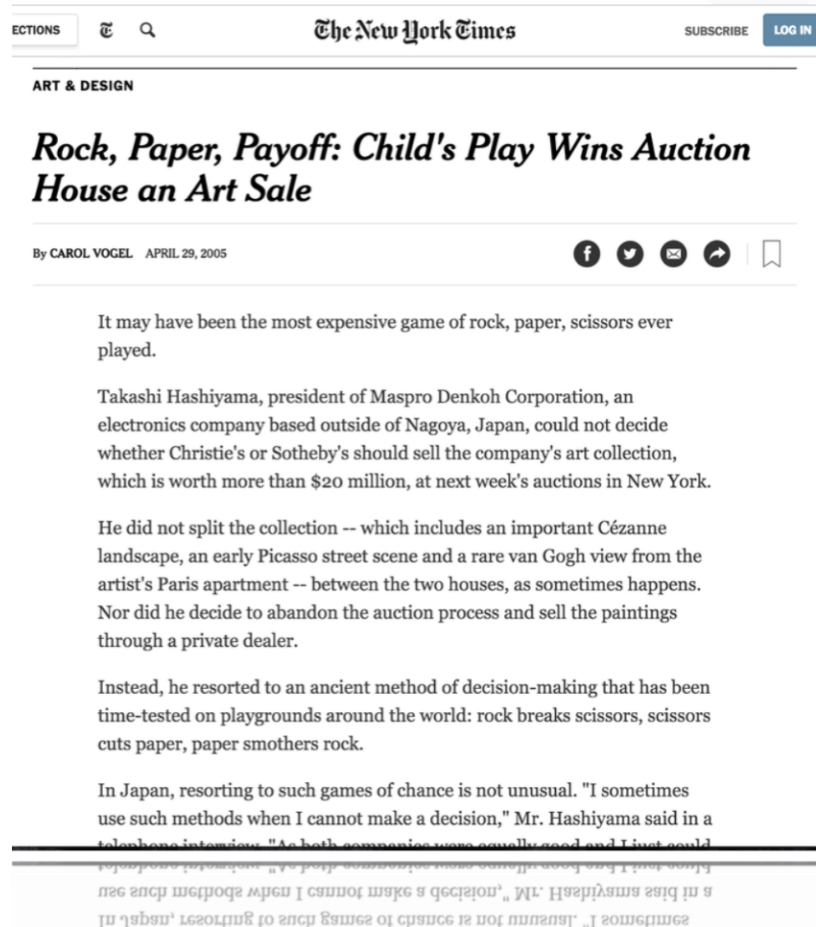


# 3 advices

# Take Charge

... and get well advised

Take Charge



The screenshot shows the top portion of a New York Times article. The header includes the newspaper's name, navigation links for 'ACTIONS', 'SUBSCRIBE', and 'LOG IN', and a search icon. The article is categorized under 'ART & DESIGN'. The title is 'Rock, Paper, Payoff: Child's Play Wins Auction House an Art Sale' by Carol Vogel, dated April 29, 2005. The article text discusses a Japanese electronics company president's decision to sell an art collection through an auction house, using the metaphor of rock-paper-scissors to describe the negotiation process.

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ART & DESIGN

### Rock, Paper, Payoff: Child's Play Wins Auction House an Art Sale

By CAROL VOGEL APRIL 29, 2005

It may have been the most expensive game of rock, paper, scissors ever played.

Takashi Hashiyama, president of Maspro Denkoh Corporation, an electronics company based outside of Nagoya, Japan, could not decide whether Christie's or Sotheby's should sell the company's art collection, which is worth more than \$20 million, at next week's auctions in New York.

He did not split the collection -- which includes an important Cézanne landscape, an early Picasso street scene and a rare van Gogh view from the artist's Paris apartment -- between the two houses, as sometimes happens. Nor did he decide to abandon the auction process and sell the paintings through a private dealer.

Instead, he resorted to an ancient method of decision-making that has been time-tested on playgrounds around the world: rock breaks scissors, scissors cuts paper, paper smothers rock.

In Japan, resorting to such games of chance is not unusual. "I sometimes use such methods when I cannot make a decision," Mr. Hashiyama said in a telephone interview. "As both companies were equally good and I just could not decide, I used rock-paper-scissors. It's a very old method, but it works."



# when in doubt ... focus on operations

## A concerted executive task:

focus on change in leadership capabilities in conjunction with change in digital (IT) solutions.

Focus on  
operational  
excellence



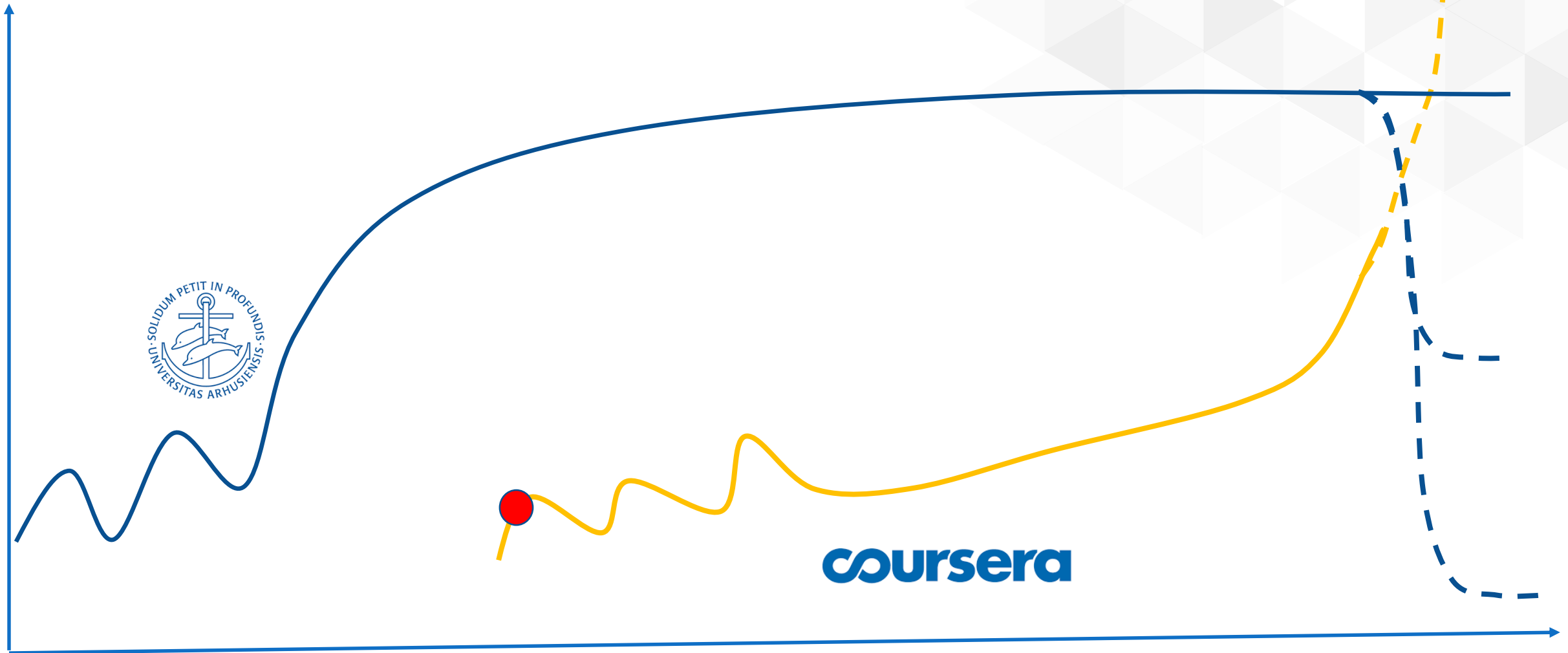
# New competition ... new KPIs

Use a **new vocabulary** to describe IT Management. Ideas, testing and redesign will shape the winning solutions

Change the  
KPI



# A (possible) history of digital disruption



**coursera**

# Thank you!

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# The consequences of tight control without release valve

