

The Enablers and Inhibitors of Digital Transformation

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The world is changing, so is the world changing very fast, digitally. If you look at Big Data, according to the data available, 90% of the data was created during the last two years. Technology is the enabler of digital transformation. In 2021 itself, 1.3 billion+ Smart devices were shipped, and when comparing to that of the world population which is 8 billion, that is a big percentage of smart device usage per person. Social networks are also very interesting to consider. During the year 2020, 2.14 billion + Customers or more had basically taken some kind of advice in purchasing their goods through social networks. More than 450 Billion USD were spent by end users for Cloud Computing services in 2021 itself. 50 billion devices are connected to the Internet by 2021. The API economy, another factor that drives digital transformation surpassed its worth value of One Trillion USD by the end of 2021. These are some insights from the past. How would the future be? According to the statistics of Bloomberg, by 2029, there will be 20% of compound annual growth rate of smart devices. Then what about Sri Lanka? Actually, it's very difficult to find data related to Sri Lanka and digital transformation. But I managed to find statistics published by McKinsey and Company in 2018. According to the digital maturity index, we have scored 35 points

out of 100, but it's not encouraging. With this in mind, we'll see what digital transformation is. Actually, there is no specific definition for digital transformation because digital transformation vary from one organization to an organization, industry to industry, country to country. So therefore you can't pinpoint and say OK, this is what the digital transformations. But for this presentation of course I selected one which covers all the aspects of digital transformation. So according to that digital transformation is the integration of digital technologies into areas of a business. So all the areas of a. Fundamentally, changing how your operations are delivered, value to customers. It also cultural change that requires organization to continually change the status quo experiment had got get comfortable with failures, so the main points are. So it is. All the areas of business, right? And then of course. You need to change how the things operate and it is not only technology, it is a cultural change as well. So just by introducing digital technology you can't achieve digital transformation. We have to make a whole lot of change in the organization. Right, so this means actually sometimes the organization may have to go away with what they have been doing in the past. Because when you introduce maybe a digital technology into certain business

processes, they have to be changed or sometime you may have to introduce some. Some of them completely new. So we look at the path for digital transformation, so digital transformation doesn't happen overnight. It is a long process which take. Complete we start with the digitization, so digitalization is basically focuses on your data and information. So if you take any organization naturally, they may start collecting data physically and recording them basically right. But of course that. Create so many problems when it comes to handling and management. So the first step in digital transformation where digitization happened, what you would do is you will compute rice. So change them into digital technology so that you can basically managed improper, share them properly and then of course secure them properly. The next step is digitalization. So which is? Basically focuses on processes. When you take any organization, they have different processes, you name it. For example in say, sales process marketing process. Purchasing process invented control process recruitment process, so all those may be happening right now manually. So then the second stage we are digitalization nap and what you would do is you computerized. Then you digitize them so that you can basically remove all the bottlenecks. Improve the efficiency and come up with streamline processes which deliver better. Services to your customers as we left. Your steak. The third level we called it digital transformation, which is our target. So in when you achieve digital transformation, it's the transformation of the entire organization, so not one single or two single processors. So not introducing

basically certain systems to manage so. We have to. Completely transform your organization into an organization where everything is driven by digital technology. So then even your strategic focus. Will be completely different. When you compare with your manual tasks before digitalization. OK, so then when you talk about digital transformation, we focuses on 4 main areas, business processes, business models, culture and domain. So that is basically a business process. Business processes collection of past that you have. Within organization to do various different things. For example, we'll say if if a student register for a course, there are certain steps that need. We follow and if if. That the examination result seems to be released. There are certain steps to be of service. So then when you collect those steps you get the. Business process right? But in in digital transformation, what you do is you try to change those processes by introducing digital technology so that you will have a. Better efficient effective process which is going to be much, much better than. What it was before. Then the second area is business models. So basically business model is the process that you use to deliver would then services to your customer or in other words how you run the business. It's basically collection. We could say even collection of all the processes right? So the next step would be yes. You look at how you going to change the entire organization. How are you going to have the? Business delivery in a different way by introducing information. So then when you change your business processes and business model, so ultimately those are going to be used and operate by individuals or employees who. Are working

in. The organization, so therefore, unless you change the culture. The digital transformation will not happen smoothly because so then you have to get them change basically how they work, how they coordinate, how they cooperate, how they communicate, so everything how they manage and control things that need to be changed that. This year we talk about cultural transformation. And so at least so we need to have business process transformation. Business model transformation and cultural transformation happen within an organization to have a sustainable digital transformation. Sometimes when you introduce. I or integrate technology into or into the organizational processes. You may look at what is happening right now. You may do a short analysis to see what our strengths, weaknesses, opportunities and threats. So in such process you may sometime realize OK when we introduce. When we integrate. Digital technologies we may be able to go into other areas of business as well, so rather than just focusing on what we are doing right now so we can go into other areas. So that is where we. Talk about domain transformation. OK, so if you look at the industries most affected by digital transformation, you can see obviously the information technology I have about. So this is again I got it from absurd economies. So we recently published so 70% off. There is an impact or effect of 70% on information technology related industries then. So education is about, we'll say 3839%, and the government 20%. That doesn't mean, of course, there will be no impact. So basically these organizations have not. Adapted or integrated heavily technology into their

processes, so therefore there are lot of room for further improvement. And then of course, so this is again I got it from World Economic Forum, so everybody talks about digital transformation for business and industry. But according to them actually digital transformation create value not only for business and organization even for. Society has. So for example, if you take automotive industry, yes. So when they convert their business into digitalized form, so of course they will get value addition at the same time, there will be some value creation for the society as well. So of course we can see for consume industry, electricity and logistic. As well, so therefore so when organisations. Integrate technology into their business that will create value for the business as well as that will create value for the society. OK, so with that, we'll see what are the enablers of digital transformation. So there are several. So of course I have selected the main 7 because the time allocation is limited. So one thing is big data and business intelligence. So organisations are heavily using big data and business intelligence to make decisions to automate the things. So there are four big data. Is 1 technology enabled that? Facilitate digital transformation. The second one is in IoT Internet of Things, so now you see not only even industries, even household, they adapt or they introduce, they use various different type of IoT devices so that that make the digital. Transformation easier. Then the third technology that basically influence. So enable digital transformation is. Blockchain is a technology that basically facilitate. Transparent, immutable transactions where you need a lot of transparency to be maintained so you can see in everywhere

the blockchain technology is being. In another technology that enables digital transformation, is smashing, learning and artificial intelligence. So of course about 5-6 years back. Or maybe we would say 7-10 years back. So artificial intelligence was not the password, so they have a lot of limitations. But so things have improved, and so there are a lot of. Applications where you can use the artificial intelligent processes to do various different things, and organisations are heavily using machine learning and AI in there. Process automation. And when it's come to a digital transformation, mobility, ubiquity is something very important. So for that, of course, you need communication technologies, so 4G and 5G may place a major role in. Enabling digital transformation in that sense, and then the 6th enabler is cloud computing, so. Cloud computing is cheaper and the organisations need not to have specialist and they don't need to invest heavily on infrastructure so therefore that enables organization to basically ADAPT and integrate technology into their. Organization so cloud computing is another enabler that basically facilitate digital track. Then the last one. So sensory technology. So now you talk about autonomous cars, autonomous maybe with vacuum cleaners and then various different agricultural equipment which are being developed using sensory technologies and then various different. Business areas. Adapting the technology because of this sensory devices. So therefore sensory devices also can be considered and one as one of the enabler of digital transformation. But of course there are issues or challenges that need to be handled as well for smooth

transformation, right? So inhibitors, so the major one is lack of vision and leadership. So you need to have a visionary leader in your organization to push. The digital transfer. If the leadership support is not there, that will never happen. There's a misalignment of it and business if any organization to sustain in transformation. Alignment of business and I tease requirement basically. So usually what happens is yeah, the objectives and strategic plans of the business as well as the objectives and the strategic plan of the IT department should be aligned. So they need to work together. If that doesn't happen, if they, if they don't talk to each other the digital. Transformation will never take place in an organization. Then another issue is little or no employee engagement. So the management themselves cannot implement digital transformation because so you need the support of everybody within the organization. You can't just introduce a system and force people to use it, so there you have to make sure that. OK, they feel they are also part of the process, so then only they will support the adoption and the integration of technology. So if there is no such process then it's not going to work. Then the 4th one. Failure to change culture. Right, so just as I told you earlier, just introducing technology is not enough. You have to make sure when you introduce the technology, the business culture, the working culture, the communication culture, basically how people behave and work within the organization needs to be changed. If that is not changed, the digital transformation will not. Then the fifth one metrics misalignment. So usually organization they have QQ key performance indicators, right? So then, while maintaining

the same KP that you have had for manual processes, if you try to introduce digital transformation. That will not happen because so your performance will not be recognized, it will be evaluated in a different way. So therefore it's very important that if you want to. Facilitated digital transformation. Make sure that you align your matrices with the. Current processes in another issue is information and security because so people are still concerned about, even though that's field is developing and there are a lot of technologies. But we know basically technology themselves will not solve the problem. So you have to have management control as well as process control. So until that. Happens so maybe adaption of new technology will not take place. The last one, so it's something very interesting not failing enough. If an organization is doing. So they don't need to change anything, why do they change it, right? Because we are doing well, so there is no pressure coming from the competitors, right? So we have been making the same profit that we made maybe 10-15 years ago. So why should we change that is the attitude. But of course, if they get the pressure from the compare teachers. When they start failing just then they will realize OK we need to do something to survive in the business market that is severe. They will think about digital transformation if they have not failed then that is also going to be an inhibitor for digital transformation. OK,

finally so I think I will go through quickly. So because I I think I have taken nearly 20 minutes now. Key digital transformation 10. So I'm not going to explain them off so that this this stuff because I have got it from Gartner focus on reliance and sustainability then. And emphasis on using cloud to enable innovation. AI fueled. Automation of business processes then continue acceptance of remote work. So basically we know that during the COVID period everybody was online and they start working from home, right? So that is going to be continued and then managing data for its entire life cycle starting from creation tools and then security as a business imperative. And then of course prioritizing AI ethics and governance. So when organizations start using AI heavily, of course. You have to have a better way of managing. And then finally the summary. The need to so we have discussed basically the digital transformation is universal. It's not just for industries, that's for the society as a whole last year. And of course, the IT vary from organization to organization and challenges that they face. And then, of course, digital transformation is beneficial for business and society. And finally, of course we need to understand that digital transformation is personal issue more than a technological issue.

Thank you!