

THE DIGITALIZATION CHALLENGE

We all talk about the opportunities and challenges with the digitalization. Gartner even talks about it as having "... moved from the shadows to centre stage, creating winners and losers in all industries and geographies". Adding to this we have such challenges as "Internet of Things", "Smart Machines", "Context-Rich systems", etc. The statement being that organisations must address long-standing challenges in value and risk management that could hinder digitalization, and replace pragmatic command and control with vision and inspiration. The opportunities are endless; the sky is the limit. Just do it. Right?

But is it really a "replacement" that is needed? Or is it more an embracement of the complexity challenge of both having command and control as well as being flexible and agile? Isn't command and control an enabling factor for vision and inspiration? Without a well functioning IT factory with stable service delivery meeting business need and demands a CIO will never be trustworthy in the digital journey (or have the time to engage). The CIO will not even be invited to the business table and business management will seek answers to the digital challenge elsewhere.

Is the digitalisation challenge in fact more of a complexity challenge? When the challenge is described as moving from IT industrialization to Digitalization that can't mean that we should scrap everything connected to the industrialization but build on it, moving on towards digitalization. On and beyond. Digitalization needs a solid foundation of industrialization.

You need to manage your complexity challenge, balance the need for stable and cost-efficient service delivery with a capability to support the business with new, digital solutions. Being able to be stable as well as fast and agile. And to manage the complexity, you need to face it, not ignore it. You need to understand and seek best practices for efficient management of factors such as:

- **Service orientation**
- **Portfolio management**
- **Governance and improvement**
- **Service delivery and quality**
- **Operational model**

And be sure of one thing; the business will change and you need to change with it. By controlling these factors, you build trust and reputation and can start talking about creating real business value through IT and digital solutions. When in control over this you can focus on things like "Digital first", "Value creation" and "Living a vision". You can safely re-align strategies, resources,

tactical plans, etc. to support the re-invention of business and services in a digital world. Without worry about how your “day-to-day” business operates.

Do you have good enough answers to the below questions? If not, it's time to sort them out, giving you a solid foundation for managing the complexity challenge.

- **Do you have a good enough structure to manage the complexity of your services?**
- **Do you have traceability of cost and quality in your service delivery?**
- **Are you in control and can you manage risk in the service delivery?**
- **Do you manage and improve quality in your service delivery?**
- **Can you control cost; do you need to map your cost to the services?**
- **Are you enough standardized in your service delivery?**

When you're sure on this it's time to move on, to execute on a Digital Strategy. Together with the business you can address issues like:

- **Identification of parts of “the customer pattern”, i.e. parts of the value chain, that should be supported by digital services and establish cooperation, and sometimes integration, with other organizations, government agencies and private actors**
- **Identification of business areas and services that can most benefit from digitization and manage those outside the normal IT project portfolio. Digitizing the delivery of business services are not traditional IT projects. They should be run as business development projects**
- **Sharing of data and knowledge with the outside world should be reassessed. It applies to all types of sharing, to public sector organizations, private business and the general public**
 - **not struggle against the disruption of services, but embracing it. Even supporting it.**
- **Ability to balance stability with rapid change and adaptation to the outside world must be developed**
- **IT departments should adjust its Operational Model (processes, staffing, service models, project model, etc.) to allow for standardization and control combined with flexibility and creativity**
- **Implement a gradual transition to flexible IT infrastructure that supports “plug and play” products and services from other operators**
- **External specialists in digital services should be regularly engaged when skills, abilities and resources are not likely to be internally within the IT department**
- **Manage the rate of change through a dynamic resource supply and buy that secure talent, ability and tools from the digital market**
- **Ability to act as a bridge between traditional IT vendors (standard systems) and the new age of digital service providers must evolve**

To cope with the challenge of digitization IT must move and no longer only see ICT as an industry but as an integral partner to the business. Business and IT must work together to meet the challenges of customers on new, better and faster services.

The IT department can't concentrate only on their inner life with processes, governance and solely focus on efficiency and effectiveness. IT must build better understanding of how the business works, and act faster, more innovative and tailored to the needs of the business.

At the same time must the business establish a digital leadership that work to transform traditional "analogue" solutions and services to digital. They need to monitor the activities of the rapidly changing digital sectors such as mobile applications, social media and related systems and takes responsibility for the digital consumer experience in all touch points, as well as for the whole process of digital conversion.