

# The DavidDimpson Indicator and success in the Digital Age

## Section1: Why the big differences?

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Why the big differences?

Why is it that some companies run into so much more difficulties on their digital journey than others? While everyone is looking for the same 'holy grail' of a 'cheaper, better and faster' company. What are the underlying causes? Are there patterns to be recognized, perhaps certain characteristics that determine future success or failure in the digital transformation?

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DavidDimpson Indicator Dimensions

DavidDimpson has searched for patterns, for best practices, for common characteristics which may be indicative of future success or failure. The reflection of this search is at the heart of the DavidDimpson Indicator.

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5 Takeaways

DavidDimpson has compiled a questionnaire, which helps organizations to get an adequate picture of the digital state-of-affairs. And therefore the basis for the assessment of current and planned digital initiatives of that organization.

Survey

By sharing a number of personal observations, opinions and experiences per dimension (which must be viewed in conjunction) DavidDimpson hopes to contribute to gaining a better understanding of the scale and complexity of the digital transformation of our society as a whole and companies and institutions in particular. But above all, DavidDimpson wants to encourage everyone to get started, because while doing ... one learns the most!

## Section2: DD Indicator - Dimensions

The DavidDimpson Indicator recognizes 5 dimensions that determine a successful existence in the digital age and should be viewed in conjunction:

- Converging technologies
- Organization and culture
- Capabilities
- Automation
- Data

### ***Converging technologies***

The digital age is propelled by exponential converging technologies (CT's) such as AI/ML, VR/AR, Robotics, 3D printing, IoT and Cloud. The introduction and application of CT's lead to fundamentally different dynamics in society, with a different way of thinking and doing. Every customer is a digital customer and the digital customer behaves like a consumer. Every organization is therefore a B-2-C organization.

The scale of the digitization of society has now gained a systemic impact. The distinction between reality and virtuality no longer matters, but the deep intrinsic 'wholeness' of the new order. Hybrid solutions are gaining ground in all sorts of areas, with the paradigm of time, place and mass taking on a new meaning. As early as 1994 (!) Goos Geursen introduced the term "virtual tomato" in his book "Virtual tomatoes and conceptual peanut butter", as a reference for that new world where everything belongs together, everything interacts with everything, and the arrangement and structure of the linear world becomes obsolete.

Dynamic, living systems differ fundamentally from mechanical systems. The possibilities are almost endless, the "10x factor" that makes the mantra of the digital world 'cheaper, better, faster' manifest is increasingly showing itself. And to be clear: 10 is 'only' a number, here and there it will be much, much more!

### ***Organization and culture***

Society has rapidly transformed into a socio-economic construct where the epicenter of power has shifted to the consumer. No longer the producer determines, with his asset-based approach that focuses on stability and the long term. We have now entered 'The Age of the Customer' which behaves more erratically and unpredictably. And where until recently the adage of 'bigger eats smaller' was applied, that increasingly changes to 'faster eats slower'. The implications for organization and culture are enormous.

In this context, two archetype organizations can be distinguished:

- A 'Balance-sheet operation' (accumulated future potential, in a delayed-return economy), diligent and controlled, therefore intrinsically slow, and thinking in years, if not decades. If 'experimentation' is already introduced, by no means in the core, slowly and carefully with pilots, with a contingency plan as a safety net. Much is focused on creating or maintaining an equilibrium, mainly aimed at efficiency and controlling change.
- A 'Direct-benefit exploitation' (in an immediate-return economy), with experimenting in its DNA, finding speed more important than certainty, consciously always on the limit, and using 'try, fail, skip and start again' as a leading organizational principle. Acts forever like a start-up, with an insatiable appetite for new initiatives, well into his adolescence and beyond. "It's always Day 1", Amazon's motto with its impressive list of successful but also failed initiatives is a perfect illustration of that.

In the dynamics of a far-from-equilibrium circumstance that characterizes the digital world, the 'direct-benefit' type with its higher maneuverability and deployment speed, is a much more appropriate answer than the 'balance-sheet' type, which had a perfect fit with the previous industrial era context (post 3rd, transitioning to the digital age).

If opportune, one will be asked how best to migrate from the 'balance-sheet' archetype to the 'direct-benefit' one. It will be necessary to assess whether a 'transformation' or a 'reset' is the best strategic choice. A digital transformation is no longer always self-evident, a hard close combined with a reset is gaining traction among academics, professionals and practitioners alike.

The COVID-19 pandemic made a significant contribution to this new reality

### **Capabilities**

In the world of 'Digital and Analytics', deployment speed is extremely important. The difference between traditional companies and world-class 'digital' enterprises can be seen in "Time to market" (from 1-2 years to 8-12 weeks) and "Release frequency" (from 1-4 per year to 10-50 per day), truly breathtaking.

Traditional, complex technology stacks (slow and expensive) are often unable to accomplish this, the backlog that results seems unbridgeable. The monolithic IT architectures that many companies still struggle with are one of the main obstacles on the road to a successful existence in the digital age ('IT says no ...').

Applying microservices, using best-of-breed tools for specific purposes, organizing in cross-functional (data) domains available to multidisciplinary teams are the main features that keep returning to today's success stories.

To kick-start this process the use of digital teams is often considered:

- (Data) platform oriented, with engineers and architects;
- (Data) product oriented with scientists and analysts.

Recruiting, and growing and retaining employees with different skill sets is a big challenge. If only because of an often mocking up immune response ('organ rejection') in other parts of the company with its own, traditional business operations and characteristics.

### **Automation**

Without automation the mantra of the digital company 'cheaper, better, faster' (CBF) is an illusion. It concerns i.a. the application of artificial intelligence, natural language processing, robotics and analytics. Although now widely available, relatively cheap and easily applicable, awareness of these techniques is still limited (varies enormously between younger and older generations). The association with failed IT projects with enormous financial consequences is persistent. Insofar as these techniques have already gained traction, it is mostly by large corporates and institutions, the hesitation seems greatest in the middle segment of the economy (unknown makes unloved ...).

The essence of automation is to make operational processes as digital as possible with as little human interaction as possible, 'no hands' as it were. "It takes the robot out of the human" (McKinsey quote), runs parallel with the accumulation of a huge amount of relevant data, leading to greatly improved business operations, superior customer experience and significant risk reduction. The acceleration that goes with this, with fewer human errors, makes a substantial contribution to the aforementioned "10x factor".

### **Data**

For years, data has been identified as the new 'gold', the new fuel for successful business initiatives. However, the intrinsic application of data is largely in its infancy for many companies and institutions. All the more problematic when one realizes that without data there is no perspective in the digital world. For many companies data still seems like a side issue, the well-known bycatch of the analogue era.

Although steps have been taken in the collection and usage of own data, recent research shows that 55% of the data already available is still unknown and/or unused (the so-called 'dark data'). The use of external data (from third parties, from suppliers, from public sources, etc.) is still early-stage. Professionalizing such applications through a data ecosystem occurs only sporadically, despite the predictable potential for

growth, productivity improvement, and risk management.

By using data marketplaces, data aggregation platforms, data distributors it is possible to access hundreds of data sources, from which specific datasets can be derived that can be applied directly in current and future business processes and propositions. This concerns both structured and unstructured data.

Most data architectures of companies are still characterized by their closed character, divided into information silos/islands with little flexibility. The orientation to (external) platforms/ecosystems to achieve 'ubiquitous knowledge' instead of 'siloes information' is extremely difficult and can potentially be a deal-breaker for future success.

In the meantime, well-documented 'reference' models are available (published by McKinsey i.a.) that can significantly speed up the introduction of a modern data architecture and enabling a 'flying start' with direct applications and experiments. Most reference data architectures include:

- real-time streaming of data from core processing systems, external data and unstructured data;
- application of a data lake, data vaults, embedded with analytics;
- customer engagement in all channels through APIs and application databases;
- Data and ML Ops;
- and an AI toolbox.

### Section3: 5 Take-aways

Finally, for consideration and follow-up 5 take-aways:

1. Reimagine.
2. Experiment! All the way, in the core.
3. Do 3-5 bold initiatives, kill the rest.
4. Beware of old habits and tricks.
5. And ... retail is the fore.

#### **Reimagine**

"Some men see things as they are and say why, I dream things that never were and say why not" (Bobby Kennedy).

Looking back at a previous optimum ("things as they are and say why") can help, but only a better version of that reality will never suffice, at most only temporarily. A new 'journey', much richer and more inspiring, and therefore more valuable for all is at everyone's fingertips ("things that never were and say why not"). In virtuality, a different 'law and order' applies with unprecedented potential, this is the essence of the digital world.

*Focus on 'why not', and realize the full benefit of "cheaper, better and faster".*

#### **Experiment! All the way, in the core.**

'Start-fail-skipp-and try again' is one of the motto's of the digital world. That is easier said than done in an environment that traditionally excels in risk minimization, in controlled steps, and puts a lot of energy into contingencies (master plans, portfolio management, waterfall, pipeline, internships, etc.).



By opting for a 'use-case' approach, based on data derived from a modern data architecture (see earlier) and by building and introducing minimum viable products (MVP), a way-of-working is created that is perfectly in harmony with the mantra of the digital world 'cheaper, better, faster'.

*Apply a use-case approach with experimenting 'in the core'.*

***Do 3-5 bold initiatives, and kill the rest.***

Serving everything and everyone is a bad choice, spreading the available resources like peanut butter over all possible projects always had its limitations, in the digital age such an approach is often fatal.

*Prioritize, focus and be strict.*

***Beware of old habits and tricks.***

"Old soldiers never die, they just fade away" (Gen. Douglas MacArthur). However, "old habits are here to stay", they are deeply rooted in the organization, and an intrinsic part of the culture by attaching themselves to the stability layers of the organization.

"We've been doing it this way for a long time, there's nothing wrong with it" is perhaps the most unnoticed failure factor in digital transformations! And while trying to bring the 'old beast' into the new digital reality with a lot of extra effort and energy, it remains to be seen whether that will go well (or worse, or whether that is good enough).

*Beware, beware.*

***And ... retail is the fore.***

Retail is an excellent early indicator for many of what lies ahead. The retail business model with its early adoption of CT's going forward will find its way most parts of society, even in hardcore B-2-B with traditional 'heavy' assets. Look out for specific illustrations and examine aspects like action speed, type of behavior, customer centricity, customer journey, revenue models, data-driven mindset, application of material assets, and more. Take what's relevant, and make it your own.

*So on your way to the Metaverse!*

DavidDimpson  
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