Chapter 59

Demystifying the Power of Digital to Become a Cleverer Enterprise:
The Concept of "Digital Quotient"

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ABSTRACT

New challenge in all industries is to catch up with the digital revolution. There are some pioneers and some followers in all industries but it is inevitable that digits catch every company by its claws. Our research aims to put forward the dynamics of the digital era or in other words new economy. Companies with a good level of digital maturity and thus high digital quotient become the leaders of their industries. Of course it is in some sectors digitization has become more obvious compared to others, but it is a rising trend in every industry, one can appoint. Banking sector is casts a great example how digital quotient and its factors come into play. Our research tries to define the new concept of digital quotient and illustrate a good practice by evaluating the strategies of a leading bank in Turkey.

INTRODUCTION

The word digital refers to numbers, however the digitization and its effect on business and industrialization have altered the way we work and produce entirely. Digital business has begun with the internet in the early 90s. It was never expected that this network would expand globally and would even connect "things" in our lives (Kopetz, 2011; Bughin, et.al., 2015). Increased connectivity, new technical opportunities and more "knowledge power" helps us to discover and share even more. Contemporary meaning of digital hence refers to technological foundations that allow humans and things to share information among each other (EY, 2014).

Today's most of the known enterprises such as Facebook, Google, Twitter, Amazon, e.g. can be said to be "born digital". However, digitization has its own eras in it; information technologies' craftsmanship or so called "ITsmiths" focused on the technology's development itself. Their capabilities included but not limited to mostly programming and system management. These ITsmiths were isolated and disengaged. Most of the outputs were inordinate and ragged automation with every problem. Second era followed immediately with IT's rapid industrialization through process focused IT and service management. CIOs and information workers whom treat colleagues as valuable customers have emerged, however this era had its deficiencies such as their very low engagement with external environment and especially customers. Outcome of this era were high tech services and solutions focused to efficiency and effectiveness (Taylor, & Todd, 1995). We can account ourselves at the end of this era, because drivers of digital intelligence such as cloud services, mobile engagement, social networking, social media and its analytics has already started to force us think out of the clichés and paradigm shift for the new digital enterprise. Change is not an isolated event, but a constantly evolving way of being. Leaders must embed a capability to adapt and react to change within their organizational fabric, including cultures, business models and strategies, value propositions, processes, and, crucially, their internal and external communication strategies and channels. (Tapscott, & Caston, 1993; Veling, et.al, 2014). Businesses will be forced to think on platform models which interlocks and connects everything; not just our computers to the mobile phones but smart things in our life, including our milieu and us. Yesterday's ITsmiths have started to evolve into "digital leaders" with deep knowledge of IT and its necessary use; treat their colleagues as partners and also engage with external customers. The result will be digital business innovation, new types of value and higher "digital quotient".

The term digital transformation is perhaps one of the most frightening words in contemporary corporate lexicon. Stakes are high and new technology with new business models are tipping and turning over entire industries. Threatening all officials with an atypical billow of disruptive forces. Leaders acknowledge they somehow have to rise their Digital Quotient, but many don't know how to do it. Digitization is a consummating transformation. When a global bank has transformed its processes for their clients, the results were dramatic decrease in costs, ground breaking customer experience on the commercial side. As attractive as it looks, it also leaves an exhausted organization behind, wondering if it can redo what it did and went through for the remaining parts of its business. It is even harder to accomplish the same thing for more than one at the same time. Companies that has achieved to do the transformation at the scale should have found a better way. They knew they had to start the conversion process in their structure to enable them to digitize at scale and fast. This distinct structure enabled them to transform in a more consistent way, with consistent resources (Rickards et.al, 2015). These companies not only acknowledge the high stakes daring them, they also act on knowledge. Knowledge about how customers behave and want to be treated. Many of us download an app from the store to our mobile phones, try that new application once or twice, then if we fail to get it work in the way we do, we simply leave it aside. The same applies to the companies striving to digitize. Customers give companies one or two chances for their digital offerings, if those attempts fail implementation fails. This chapter tries to outline the digital transformation towards a higher "Digital Quotient" and for this the necessary capabilities are enlisted together with a supportive industry case.

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