

Chapter 15

Mind the Gap: It's About Digital Maturity, Not Technology

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ABSTRACT

The COVID-19 pandemic has amplified the influence of digital transformation on business entities. Although it is becoming more feasible to invest in digital technologies due to their swift progression in terms of reaching higher technical capabilities and better pricing levels, some companies could not achieve expected improvements in their business results. On the contrary, a remarkable number of companies had the opportunity to develop their businesses by leaps and bounds. Academic research on the subject revealed that a company's digital maturity level is directly related to the company's success and progress in sustainability issues. In this chapter, the concepts of cross-functional collaboration and corporate digital cultures, which are the basic components of achieving digital maturity, which must be coordinated together, are elaborated, and an applicable roadmap proposal is created.

“When the digital transformation is done right, it's like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar.” - George F. Westerman, Principal Research Scientist with the MIT Sloan Initiative on the Digital Economy

INTRODUCTION

During the last few years, with the incoming support from swift progression of digital technologies, and their applications, technology has elevated the pace of digitalization or digital transformation to another level in daily business activities; therewithal, the Covid-19 pandemic has amplified the influence of the digital transformation on business entities. The challenge for a business or a company is not only to

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remain competitive, but also to facilitate means of growth by harmonizing the new and the traditional tools, and maybe melting them in the same crucible to generate even better modalities in the pandemic hit business environment.

Some companies take it for granted that, digitization is the sole requirement for success, however this is not enough for remaining competitive, growth or sustainability as obtaining digital technologies is not a difference making competitive edge. Advantages of digital technologies can be experienced with a limited amount of contribution; unless they are supported, and even preceded with a strategic mindset transformation. In other words, attainment of a mindset transformation in a working digital transformation process requires designing for digital maturity, which will be a part of a business strategy formulation, cultural development, and it will not be limited to technology deployment.

As of today, business world still does not have a fixed recipe neither to be nor to keep sustainable, especially during the turbulent times, and during discontinuity as lately being experienced due to Covid-19 pandemic (Miceli et al., 2021). Throughout the chapter, digital maturity will be defined, and its role in digital transformation on business entities will be explained, by trying to emphasize its importance, and analyse its effects aiming to create a roadmap that can be used in business strategy formulation to foster and facilitate sustainability of corporations.

Technological advancements and customers' enthusiast to use technology driven facilitators of interaction accompanied by products and services - or new customer expectations push digital transformation through. Subsequently, corporations head towards developing digital capabilities, not only to confront the competition and even forging ahead, but also to transform their entities (Kane et al., 2017b; Rossmann, 2018; Saliola, & Islam, 2020). Although, this propulsion of "*killing two birds with one stone*" might look like a spontaneous outcome of the requirement of agile organizational structures; but actually, it is a compulsory desire to achieve organizational flexibility (Westerman et al., 2014; Harvard Business Review [HBR], 2020b). At such a point in a company's history, this kind of an action actually ignites the journey to reach digital maturity in which organizational design is to be redefined simultaneously.

Positioning digital transformation with a higher priority and rushing for quick results is regarded as a remedy for achieving resiliency (HBR, 2020b). One of the most used methods for big companies is to acquire a company that has potential or has proven to be promising in e-commerce business (Kane et al., 2017b) as a practical method of becoming a digitized firm. However, being impelled by evolving digital technological capabilities offered in the market, this method usually becomes obsolete after a while, and organizations need to update their organizational structures and transform both themselves and the touch points and the interfaces with their stakeholders, in order to not to lag behind the accelerating competition and the speed of the consumerization of technology, and to in order to keep resilient and agile (White, 2012; Miceli, 2021).

The most sought-after technologies of a digitized business environment have not changed so much apart from newcomers such as Virtual Reality (VR), Augmented Reality (AR), Machine Learning (ML), Artificial Intelligence (AI), 5G, Internet of Things (IoT), blockchain, and automated decision support systems (Kane et al., 2017b; Neugebauer, 2019, HBR, 2020b; HBR, 2020c), since White (2012) has listed them as adapting to a mobile first focus, big data, cloud computing and search-based applications. Availability of these technological tools changes the way companies do their business which results in organizational productivity and gives room to deal with more value-added activities and finding new ways of determining value chains and inter organizational relationships (Cennamo et al., 2020).

The methodology of this chapter is to unclothe the term digital maturity regarding digital transformation; first by highlighting prominent digital maturity models including the concepts and main dimensions

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