

How can you digitally reinvent your operating model?



The core of digital reinvention: the stakeholder experience

Digital technologies have altered how people and businesses interact. Disruption is being fueled by a convergence of industries, consumers' evolving expectations of enterprises, and emerging business and operating models. To succeed in this disruptive environment, organizations need to offer compelling new experiences to all their stakeholders, establish a new focus, build new expertise and devise new ways of working.

How quickly is your business model evolving to create new, more engaging, easier user experiences with your customers? Is your operating model aligned to keep pace and support new ways of working with suppliers, partners and employees to best serve your customers? As the volume of data continues to expand exponentially, can you access and understand key insights that help you predict and prescribe the next best actions to take across your business?

These are top-of-mind questions for many C-suite executives. Responding to these challenges has increased the focus on digital reinvention of back-office processes to rapidly transform cost structures and allocate more resources to advanced analytics and cognitive solutions.

The most successful digitally reinvented businesses have established a platform of engagement for their customers acting as enabler, conduit and partner. Operationally, they're committed to continuous calibration and improvement. They foster cultures of everyday innovation among individuals and across the ecosystem, and they work to seamlessly move between the physical and the digital. Finally, their operations are built for efficiency and customer centricity.¹

What does a digital operating model look like?

Digitizing processes drives new sources of efficiency, insight, intelligence and experience. IBM's vision of a fully digitized operating model contains four escalating layers:

1. Start with **digitizing data** across end-to-end processes, using the latest cloud-based intelligent technologies—including e-invoicing, intelligent data capture and smart workflows—to enhance your enterprise resource systems (ERPs).
2. With digitized data in place, **intelligent applications** offer new opportunities to model processes, analyze trends, predict outcomes, prescribe next best actions, monitor risks and controls, leverage robotics and automate judgment-based tasks.
3. Sophisticated **analytics platforms** are essential to analyze the fast-growing volumes of data generated from structured and unstructured data.
4. **Digital engagement** and an **optimized user experience** include easy-to-access dashboards, self-service portals and cognitive apps—all with embedded social collaboration.

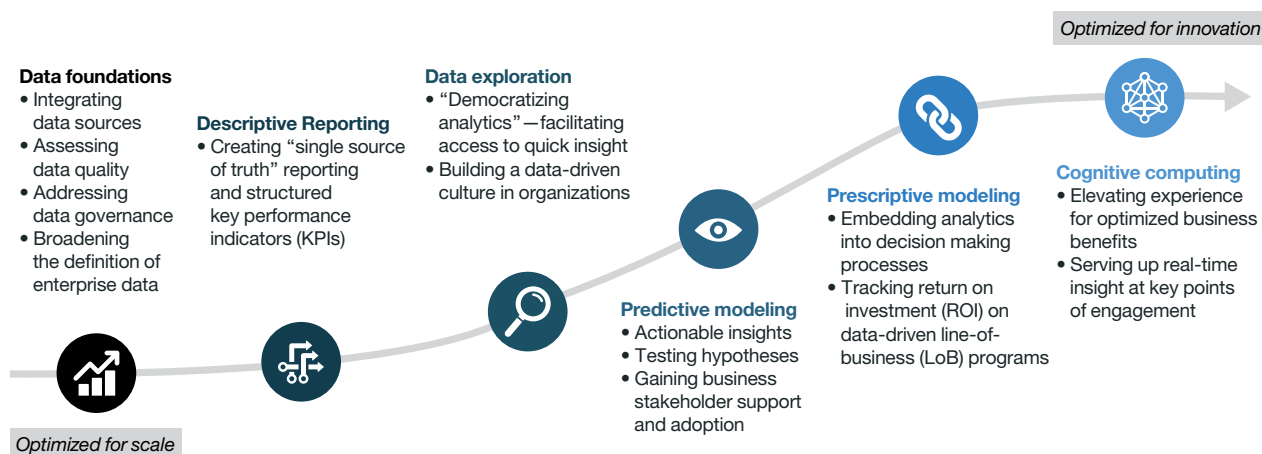
Working with this model can help you accelerate the efficiency of your back-office functions and free up resources to better manage your business with actionable insights. It can catapult your organization to world-class efficiency, creating superior user experiences and better business outcomes. A strong, digitally streamlined foundation also helps you effectively capitalize on intelligent automation more quickly and easily and speeds you along your journey to becoming a cognitive business.

As an example, a 2016 IBM Institute for Business Value report identified a group of organizations—dubbed Performance Accelerators—whose finance functions excel at operational efficiency and business insight. These companies use analytics more extensively to plan for the future and reduce risk. They also possess superior analytical powers and excel at pursuing profitable growth. Most have established centers of excellence for analytics teams to capture and concentrate internal expertise, and have transferred transactional activities to a shared services organization, thereby realizing economies of scale.²

Practical steps to begin or progress in your digital reinvention journey

Wherever you are along the path of digital reinvention, here are some concrete suggestions to help move you forward:

1. **Envision the possibilities:** Use envisioning sessions such as IBM design thinking workshops to produce a definitive reinvention blueprint. For example, more deeply understand customers, brainstorm new ideas and visualize unexpected scenarios. Incorporate external stakeholders in these sessions—such as partners, customers and others to encourage thinking that goes beyond “business as usual.”



Progressing on the analytics journey, organizations capture increasing value through outcome-driven, actionable insights.

- 2. Take a holistic approach:** The path should travel end to end across the functional silos of your business, covering whatever may be retained in the business and any shared services and outsourced operations.
- 3. Establish a strong data foundation** that you can trust. Pick an area to start your journey and deploy newly available technologies to help you access your data, cleanse it and visualize trends that can't be seen in spreadsheets.
- 4. Build a data-driven culture** that addresses organizational obstacles to analytics adoption, including lack of understanding of how to use analytics to improve the business as well as a lack of skills, management bandwidth and executive sponsorship.
- 2. Reimagining work flows through robotics, cognitive systems and agility, underpinned by design thinking principles:** We use an enterprise-aligned, prioritized and digital operating model that incorporates IBM Design for Business Process Outcomes. This guides the way we take advantage of technology to provide more intelligent automation that's designed to deliver specific, differentiated experiences and outcomes, more consumable processes and faster adoption of shared services.
- 3. Delivering faster, composable solutions that provide virtually instant value:** We've accelerated the growth of our business process as a service (BPaaS) offerings by integrating them with our cloud business solutions unit to support a more seamless, cross-functional model. This allows us to deliver modular solutions that users can consume more easily, with faster transitions so that clients can virtually plug-and-play the solutions into their operations, delivering outcomes and benefits more quickly than in the past.

IBM can team with you to speed your progress toward digital reinvention

We use a three-part approach to support our clients' digital reinvention. To collaborate more meaningfully and jointly define and implement solutions that generate new possibilities and outcomes, we focus on:

- 1. Enabling speed of insights and solution value through a rich, diverse talent and skill base:** We can deliver consult-to-operate services by industry and built to scale, empowering us to support end-to-end strategizing, consulting and delivery with strong operational and innovation capabilities.

“Cognitive is the destination, and digital is the necessary path to get there.”

—Ginny Rometty, chief executive officer, IBM

Why IBM

IBM offers market-leading analytics platform capabilities, complemented by deep domain and industry expertise and a thriving ecosystem of data and innovative alliances. With a robust range of services and solutions to help meet our clients' specific needs, we differentiate through three foundational capabilities:

- **Cognitive:** We offer one of the world's largest cognitive consulting practices, with IBM® Global Business Services® driving our IBM Watson™ implementations
- **Design experience:** One of the world's largest digital agencies, with 25 design studios
- **Industry knowledge:** Portfolio of 123 industry cognitive solutions built on IBM cloud and software

In addition, IBM Business Process Services (BPS) integrate advisory and operational services to deliver solutions that:

- Combine consulting, design, implementation and operational capabilities
- Deliver cognitive outcomes fitted by IBM design and underpinned by robotics, continuous innovation and analysis
- Support easier-to-consume applications delivered over the cloud and industry platforms to drive more rapid innovation

For more information

For more information, visit the IBM Business Process Services [website](#). You can also contact the author of this paper, Christine Gattenio, through [email](#) or [LinkedIn](#), or Jennifer Troy, Offering Leader - Digital Finance Reinvention, BPS. In addition, you can contact other IBM thought leaders: [Sandy Khanna](#) (global), [Jeffrey Shooter](#) (North America), [Sameer Jalundhwala](#) (Europe), [Sangeetha Perumbeti](#) (Middle East and Africa), [Mie Matuso](#) (Japan), [James Gallichan](#), (Australia and New Zealand), [Sakuntala Rao](#) (Asia Pacific) or [Marcos Mota](#) (Brazil).

For a deeper dive into digital reinvention, read these 2016 IBM Institute for Business Value studies: [Digital reinvention in action: What to do and how to make it happen](#), and [Redefining Performance: Insights from the Global C-suite study—the CFO perspective](#).



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¹ IBM Institute for Business Value, 2016: [Digital reinvention in action: What to do and how to make it happen](#)

² IBM Institute for Business Value, 2016: [Redefining Performance: Insights from the Global C-suite Study — the CFO perspective](#)



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