

Harmon on BPM Paul Harmon

## Digital Transformation

There are different ways of defining the word “transformation.” I use it to refer to major change – thus I use it as a synonym for the way that Hammer and Davenport used the word “business process reengineering.” Unlike “process improvement,” where one begins by examining one’s existing business processes and looks for ways to improve what one is already doing, “transformation” refers to beginning with a blank sheet of paper and imagining how the organization might do things if one could redesign the organization from scratch. Better, one imagines a whole new business model that would take advantage of the latest technologies to make money in new and significantly different ways.

So, process improvement is improving what you are already doing, and transformation is imagining new and better ways of doing business. Adding the word “digital” into the mix simply suggests that the new and different ways of doing business will be based on employing various IT elements.

Obviously the idea of digital transformation is not new. It is, after all, what Hammer and Davenport were talking about in the early Nineties when they kicked off the Reengineering round of process change. Many would say that we have been focused on digital transformation for the last three decades and that we are still talking about the same thing. In a sense, that’s true. In another sense, however, the digital evolution of business just gets more intense and more pressing. In large part it’s because automation has moved from controlling machines to facilitating human communication.

Instead of a few people, in cold rooms, serving mainframes, everyone now has a similar computing capability within a smartphone that they carry around with them. In an instant, a customer, using a smart phone can send an email message from New York to Tokyo, approve an auto lease, or move money from one bank account to another. At the same time they can follow directions on a map displayed on their phone to find a business office in a strange town or use Google to access the text of a law recently enacted by a government agency. And all of the uses I just mentioned are simply things people might want to do for themselves. Those same people are also customers of your organization, and they now expect to be able to find out about your products, close deals, buy items, make payments and inquiries, and obtain support via their smartphones, and from many other computers as well.

When I talk with analysts and ask them to think about the possibilities of digital transformation, I usually begin by asking them to draw a high level BPMN diagram, and to place the customer activities in the top swimlane. Then I ask the analysts to

forget, for a moment, what their high level business processes do, and to focus entirely on what their organization expects its customers to do to interact with their organization. How can customers contact you? What do they go through to get information about your product? What do they go through to establish credit? How many times do they have to provide you the same information or answer the same questions? How long do they have to wait? Forgetting for a moment what you might have to do to provide the service, imagine how you, if you were a customer, would prefer to interact with your organization. Then start working on what you will need to do to make such an ideal interaction possible. You can be sure if you don't manage to do it, some competitor, or some college kid in a computer science or business school class, will.

The combination of computing and communications is revolutionizing everything. In the next ten years, cognitive computing – the use of AI technologies to embed knowledge and decision making capabilities into computer applications – is going to revolutionize everything again! Cars are going to be driving themselves. Loan decisions are going to be made via a phone call. Data analysis is going to be available to almost anyone with only the briefest delay. Customers are going to be hugely empowered and if your organization isn't able to respect that and provide them services, others will.

To provide the kinds of support customers will demand will require organizations with new infrastructures that are able to shift on a dime to provide still others services in still unforeseen ways. The idea of trying to incrementally shift an out-of-date computer infrastructure to do what will need to be done is ludicrous. Now is the time to really rethink the business you want to be in and what will be required to provide the kinds of services you customers are going to want.

Smart managers and IT people understand this. That is why the term “digital transformation” is hot. It may not be the best possible term, but it seems to capture the urgent need to rethink how organizations work and to develop the new kinds of digital systems and infrastructure that will be needed to survive in the near future. Business process analysts and developers better be prepared to support this movement if they are to survive and remain useful in the years ahead.

## Author

### Paul Harmon

Executive Editor and Founder, Business Process Trends



In addition to his role as Executive Editor and Founder of Business Process Trends, Paul Harmon is Chief Consultant and Founder of Enterprise Alignment, a professional services company providing educational and consulting services to managers interested in understanding and implementing business process change.

Paul is a noted consultant, author and analyst concerned with applying new technologies to real-world business problems. He is the author of *Business Process Change: A Manager's Guide to Improving, Redesigning, and Automating Processes* (2003). He has previously co-authored *Developing E-business Systems and Architectures* (2001), *Understanding UML* (1998), and *Intelligent Software Systems Development* (1993). Mr. Harmon has served as a senior consultant and head of Cutter Consortium's Distributed Architecture practice. Between 1985 and 2000 Mr. Harmon wrote Cutter newsletters, including *Expert Systems Strategies*, *CASE Strategies*, and *Component Development Strategies*.

Paul has worked on major process redesign projects with Bank of America, Wells Fargo, Security Pacific, Prudential, and Citibank, among others. He is a member of ISPI and a Certified Performance Technologist. Paul is a widely respected keynote speaker and has developed and delivered workshops and seminars on a wide variety of topics to conferences and major corporations through out the world. Paul lives in San Francisco.

Paul can be reached at [pharmon@bptrends.com](mailto:pharmon@bptrends.com)