

Digitization of business operations is at the top of organizations' agendas the world over, but strategically important work is very often ignored. Organizations must look more broadly at automation approaches and opportunities.

Taking the Digitization of Operations to the Next Level

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Written by: Neil Ward-Dutton, Vice President, Automation, Analytics, and AI, European Practices

Introduction

Digital Transformation and the Digitization of Business Operations

Organizations the world over are racing ahead with business automation initiatives as part of their digital transformation agendas, which have been accelerated by the challenges of the COVID-19 pandemic. In a worldwide IDC survey of more than 900 technology and business leaders, over 60% of organizations said that in 2021, they have prioritized increased investment in automation and augmentation technologies to create adaptive business operations.

Organizations almost always start their digital transformation efforts by seeking to reinvent customer experiences, which makes sense. Transformations should be led from the outside in, taking the needs of the customer as the starting point. However, focusing only on creating a "digital shop window" for a business using new digital projects ultimately yields little benefit. Unless organizations can match this work with efforts to digitize their business operations, they run the very real risk of making promises to customers that they cannot keep.

Effective business operations — which execute the processes that are core to achieving an organization's business objectives, such as the production and delivery of goods or services — depend on the ability to coordinate people and systems to get the right work done at the right time. Digitizing business operations means using modern cloud-based, data-driven tools and platforms to create "virtuous cycles" of operational insight and optimization.

AT A GLANCE

KEY TAKEAWAYS

Organizations are investing heavily in work automation and augmentation technologies to create adaptive business operations.

Most organizations start by focusing on automating the simplest work possible, but the risk inherent in this approach is that more complex aspects of business operations — which can have strategic importance — are left untouched.

Organizations attempt to use inappropriate methods of managing this work, such as emailing work tracking spreadsheets. The result — systems that are opaque and inefficient — brings risks that are difficult to understand, let alone manage.

New platforms that enable organizations to bring visibility, agility, productivity, and simplicity to the management of complex business operations are now available, and organizations that are serious about digitization of their business operations should investigate the capabilities of these platforms.

From Production Processes to Complex Work

Organizations are beginning their journeys to digitize their business operations with the automation of simple inquiry processing (using tools such as websites, mobile apps, Q&A sites, and simple chatbots) and the automation of routine request processing (using tools such as robotic process automation, or RPA). Simple activities relating to processing of customer queries, financial administration, customer administration, and HR administration are relatively simple to automate because desired outcomes and the tasks needed to achieve them are easy to identify and easy to script or program. IDC's 2021 *Future of Work Survey* found that in the next 18 months, 47% of organizations are planning to implement RPA, 39% are planning to implement other process automation technologies (including workflow automation), and 63% are planning to implement task-focused apps on mobile devices.

However, some types of work remain stubbornly resistant to digital support using these approaches because the desired outcomes and the work needed to achieve them are not easy to define ahead of time in detail. This is particularly true for "knowledge work" where experts bring their experience, perhaps alongside established corporate policies or guidance, to explore a situation and resolve it in a context-dependent way. What's more, some of the most strategically important aspects of business operations are perhaps best described as "repeating projects" comprising many individual business processes and clusters of activities. Good examples include equipment or facility installation, campaign management, and customer, supplier, or partner onboarding. Industry-specific examples include clinical trials management, retail store opening or refresh, and network equipment installation.

Common Solutions and Their Shortcomings

When it comes to knowledge work, organizations commonly use some blend of three different approaches to try and coordinate, track, and manage the work:

- » **Email and spreadsheets.** The use of spreadsheets to itemize, assign, schedule, and track tasks — and the use of email to share those spreadsheets among team members and managers — is hugely popular because no material technology investment or business change exercise is required for implementation. However, when teams rely on spreadsheets and email, the result is systems that are highly inefficient and opaque. It is too easy for an important update deadline to go unnoticed, too difficult to get a real up-to-date picture of progress, and too difficult to represent or analyze important structures within the work (such as dependencies between tasks or processes). IDC estimates that 80% of operational decisions are made using logic buried in spreadsheets (source: IDC's *Future of Operations: Building the House of Resiliency*, #US46188320, April 2020).
- » **Project management tools.** These tools enable managers to design the work that needs to be done to fulfill a requirement and assign and schedule that work, but project management tools don't play an active role in coordinating, delivering, or tracking work among team members. What's more, project management tools are often designed based on the assumption that every project is created and executed once, whereas in the situations previously described, project-like work is actually executed over and over again — with learnings from initial pilot projects providing vital inputs for refinement of subsequent rollouts.
- » **Workflow or business process management (BPM) tools.** These tools have the advantage of spanning work design, execution, and management; unlike project management tools, they are used to drive and track the activities and tasks that get done as work unfolds. However, many of these tools struggle to deal with situations where work structures evolve as the work unfolds or where teams need to improvise in order to achieve outcomes in novel situations.

Benefits

A new type of platform for managing complex business operations is emerging that promises to deliver the benefits of both project management and business process management tools. These platforms are designed around the concept of the core unit of work (UoW) as an individual task rather than as a business process or a project, and they enable complex sets of interrelated tasks to be dynamically managed across large teams and over long time periods. They enable teams to use both process management and project management metaphors for designing, tracking, and managing work and deliver increased visibility, productivity and efficiency, and agility and simplicity. Additionally, they track underlying execution in a dedicated system of record, which gives organizations the management and optimization capabilities they need for long-term continuous improvement.

Considerations

As this is an application area with few established vendors, organizations may be reticent to commit to an emerging and novel approach to managing complex business operations. They may prefer instead to stick with existing approaches to managing work, even if those approaches do not ultimately meet business requirements. To win over skeptics, vendors will need to focus particularly on highlighting both customer successes and the ability of new platforms to integrate with existing data sources, infrastructure, and business approaches.

Conclusion

Digitization of business operations is at the top of organizations' agendas the world over. Most organizations start by focusing on automating the simplest work possible, but the risk inherent in this approach is that more complex aspects of business operations — which can have strategic importance — are left untouched. Organizations attempt to use inappropriate methods of managing this work, such as emailing work tracking spreadsheets. The result — systems that are opaque and inefficient — brings risks that are difficult to understand, let alone manage.

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About the Analyst



Neil Ward-Dutton, Vice President, Automation, Analytics, and AI, European Practices

Neil Ward-Dutton is vice president, Automation, Analytics, and AI, Europe at IDC, where he helps shape the company's research in these areas and helps clients "join the dots" between these increasingly interwoven areas. Neil is recognized as one of Europe's most experienced and high-profile technology industry analysts. He has regularly appeared on TV and in print media over his 25-year industry analyst career and has authored over 10 books on IT and business strategy.

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IDC Research, Inc.
140 Kendrick Street
Building B
Needham, MA 02494, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com

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