

# Realizing the Business Value of Digital Innovation

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# Exemplars of Digital Innovation?





KELLEY SCHOOL  
OF BUSINESS  
INDIANA UNIVERSITY

# MIS QUARTERLY EXECUTIVE

September 2017 (16:3)



## How Big Old Companies Navigate Digital Transformation

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# Digitization Value Proposition

“digitization enables sensing, storing, processing, tracing or combining data (technological affordances) in a way that improves the efficiency of processes or enhances the services (organizational ability or efficiency) offered to customers, resulting in greater value (through lower costs or higher revenue)”

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**QUARTERLY**  
**EXECUTIVE**     **September 2018 (17:3)**

## Being Mindful in Digital Initiatives

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# “Big Old Company” Digital Innovators



# Value Realization Lessons from these “Big Old Companies”

Rapid Innovation

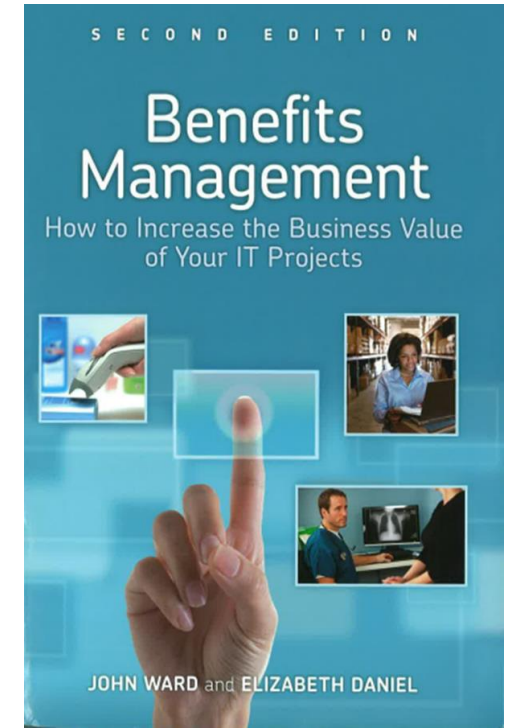


- Digital transformation was achieved through multi-year campaigns and portfolios of digital innovations
  - Clear and intentional digital strategy
  - Enterprise-wide digital platform/“operational backbone” that facilitates operational excellence
  - Enterprise-wide data and analytics capability: “single source of truth”
  - Enterprise-wide digital services platform that enables rapid responsive innovations that create engaging customer experiences
  - Significant organizational change/disruption
- Senior executive leadership: “visionaries”
- Intentional management of “Value Realization”

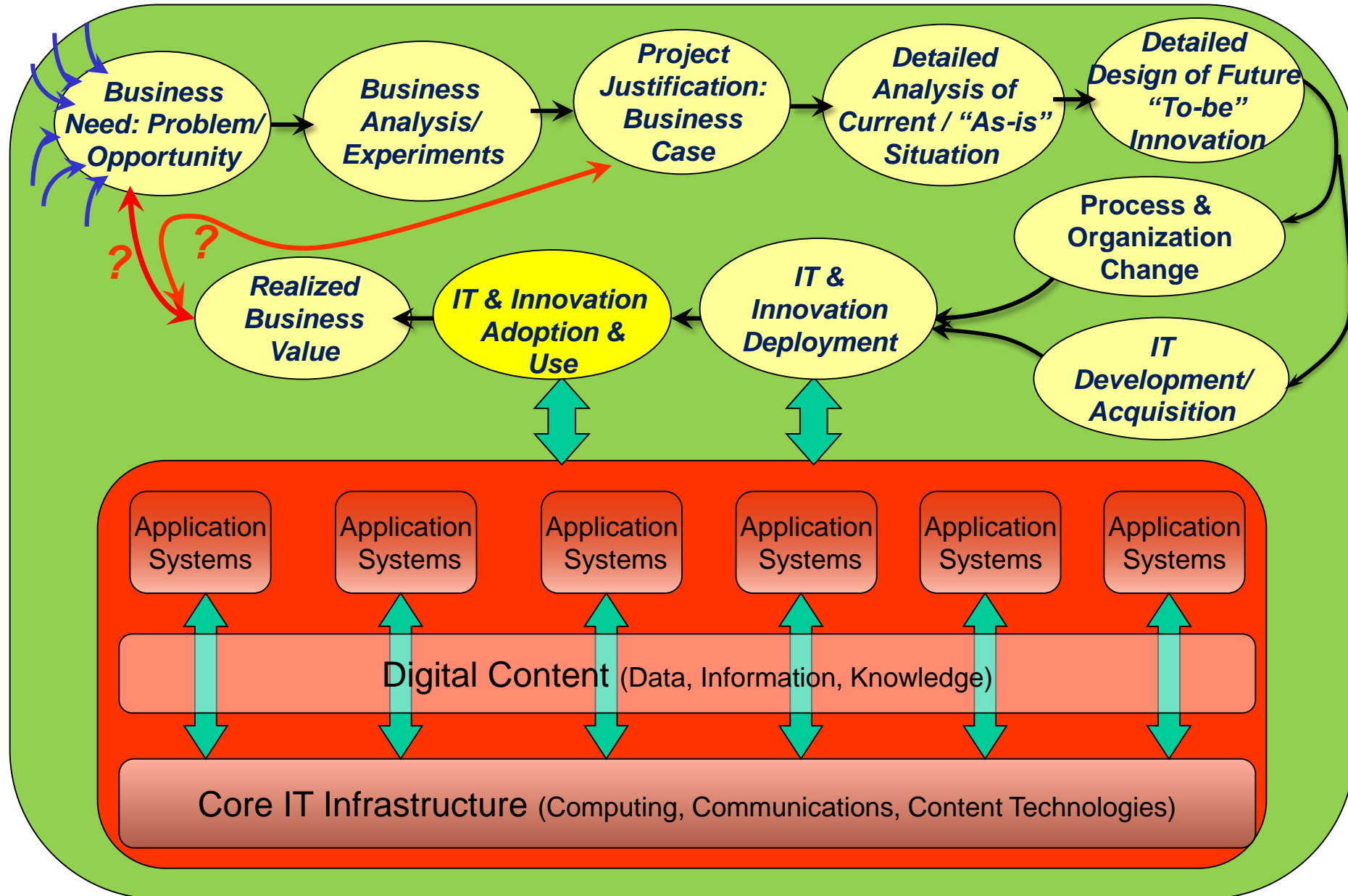
# Five Principles for Realizing Benefits from IT

(Peppard, Ward & Daniel 2007)

1. IT has no inherent value
2. Benefits arise when IT *enables people and organizations* to do things differently
3. Only business managers and end users can release business benefits
4. All IT projects have outcomes, but not all outcomes are benefits
5. Benefits must be actively managed in order for them to be realized
6. For benefits to be realized, there typically has to be behavioral and process changes



# Mooney's Model of IT-enabled Business Innovation





# The key lessons ...

- Value from digital systems emerges from realization of positive business impact
- Realization of positive business impact emerges from effective USE of appropriate digital systems and services
- Business Need for IT, Business Impact of IT and Use of IT all fall within the domain of business executives
- Therefore, business executives must assume ownership, responsibility and accountability for what should be viewed as “IT-enabled business innovation projects”

# Your responsibility ...

“The role of leadership ... will be crucial in [digital] transformation. We need leaders who can imagine and inspire and who can shape the world as it can be. The opportunities for value creation are so many that the prize is worth the effort. The journey can be exhilarating.

**You** have the opportunity to shape the next round of globalization and build a more empowered society” *[page 250]*

