

# The Trend Map of Business Transformation & Operational Excellence



# Business Transformation & Operational Excellence

**Change is happening faster and faster in every corner of the economy. Everyone in organizations—top to bottom—are being challenged to stay a step ahead of innovation cycles that continue to pick up speed.**

The winners will be the companies that continuously—and proactively—adapt their business models, ecosystems, value chains, product portfolio and customer channels.

DOING THE RIGHT THINGS

# Business Transformation



## Business Model

- Vision and mission
- Markets
- Goals & strategies
- Product portfolio & value proposition
- Partner ecosystem
- Revenue streams

DOING THE THINGS RIGHT

# Operational Excellence



## Operating Model

- Vision and mission
- Markets
- Goals & strategies
- Product portfolio & value proposition
- Partner ecosystem
- Revenue streams



Only those who know their goal will find the path.

– Laozi

**Whether a transformation will flourish or flop depends on how well strategic decisions are:**

- 1)** transformed into business operations and then
- 2)** clearly communicated to each employee.

# Clarity is power

A recent study by McKinsey revealed that the average lifespan of companies listed in Standard & Poor's 500 has shrunk from 61 years in 1958 to less than 18 years today.

Past success does not guarantee future success. The ability to adapt to fast-changing market conditions is what makes all the difference. Finding your path to success through the obstacle course of disruptions in nearly all industries can be difficult. But it's important not to sink into detailed knowledge but maintain a holistic view from above. Be aware of how myriad buzzwords and topics that come at you are related to each other and how the topics influence each other. What you need is a bird's-eye view of how the pieces all intersect.

That's where this trend map for Business Transformation &



Operational Excellence comes in. **It covers the most important trends and their dependencies** and overlaps in the areas of strategic transformation and optimization. A trend line includes the most important topics and initiatives - and should not be understood as a sequential order.

You can use this as a tool to **navigate the emerging trends** in business transformation and operational excellence to help understand the relevant topics and their interrelationships—and to pin down the strategies for your own organization.



In a world deluged by irrelevant information, clarity is power.”

— Yuval Noah Harari

# How to read?

Think about this like a map with various lines and stops.

Each line is a mega trend that impacts business transformation and operational excellence. Each stop is a key technology or sub-trend that helps shape the mega trend. Like the metro in any major city, sometimes multiple lines will converge at a single station. The same is true of these megatrends. (We discuss these transfer stations where multiple lines intersect on page 25.)

We will start by addressing each of the mega trends and the points along the line that define them.

Those mega trends are:



**Business Model Innovation**



**Operational Resilience**



**Connectivity**



**Customer Centricity**



**Industry 4.0**



**Hybrid Culture**



**Process Automation**



**Process Excellence**



**Regulatory Compliance**



# Business Model Innovation

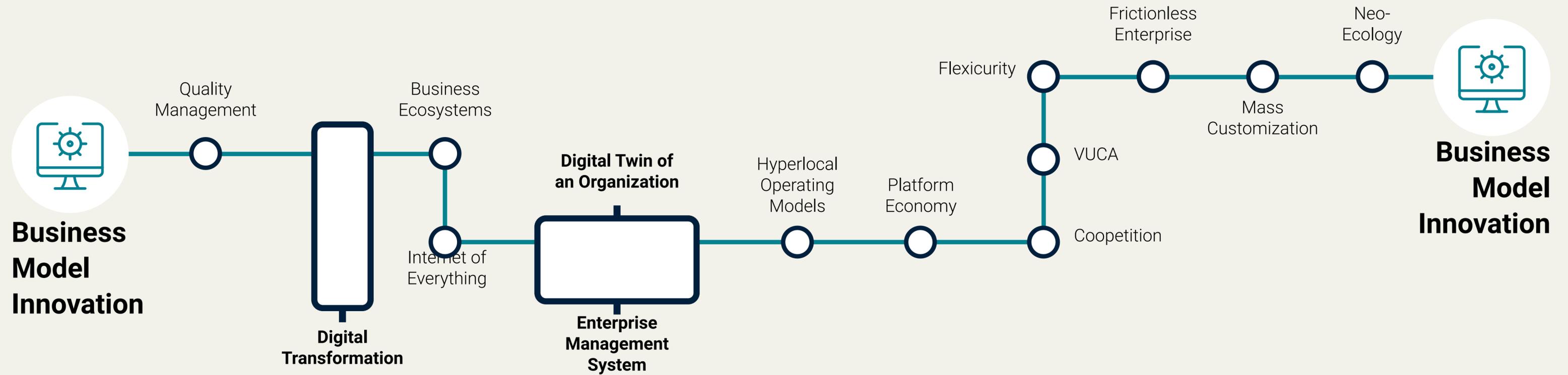
Business Model Innovation means the (re-)definition of your strategic positioning and provides the basis for the long-term orientation of your company. A business model (designed by methods such as the Business Model Canvas) includes the description of markets, target groups, customer benefits, partner relationships, core processes, cost structures and revenue streams.



## The stops along the way:

- **Business Ecosystems** are networks of companies collaborating to create common value / products for customers along an end-to-end value chain.
- **Coopetition** describes the cooperation between competing companies by forming a strategic alliance designed to help both organizations.
- **Flexicurity** (a combination of “flexibility” and “security”) is a paradigm of labor market policy balancing interests between employers (being able to hire and fire staff) and employees (employment security).
- **Hyperlocal Operating Models** refer to doing business (acquiring and delivering products and services) in a small geographical area.
- **Neo-Ecology** describes the major change process towards a resource-efficient, sustainable economy.
- **VUCA** is an acronym that refers to “volatility”, “uncertainty”, “complexity” and “ambiguity”, the supposed characteristics of the modern world.

# Business Model Innovation



# Hybrid Culture

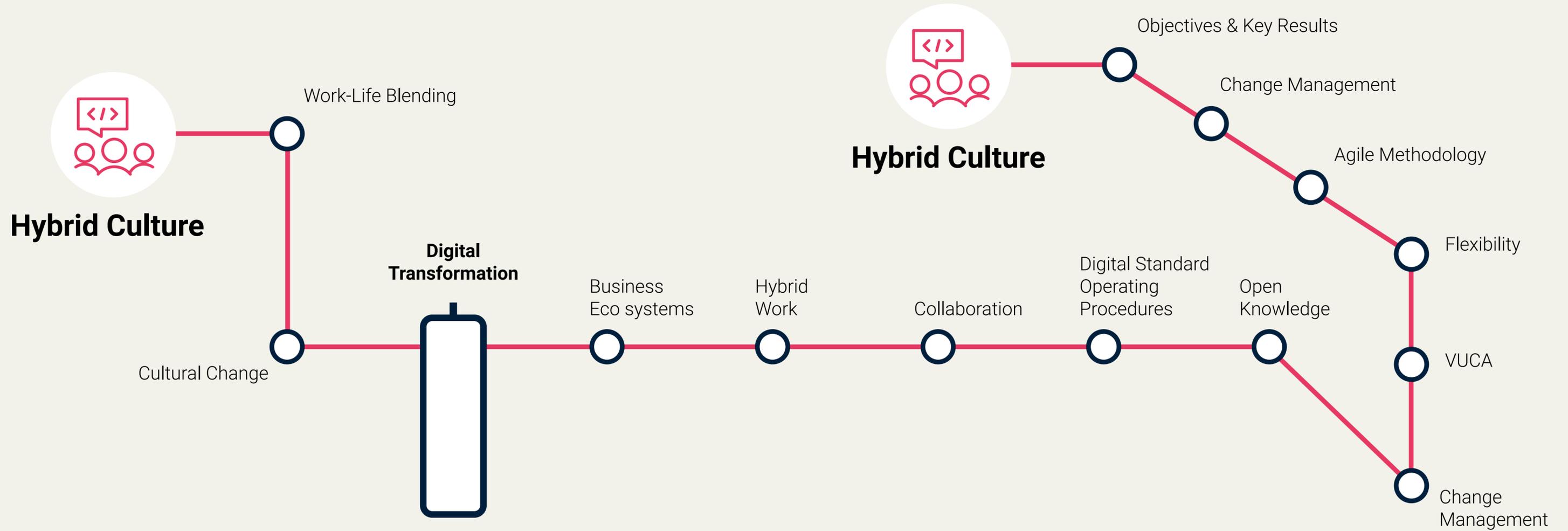
Hybrid Culture is a collective term for various, mostly alternative models and forms of work. The term goes back to the social philosopher Frithjof Bergmann. In particular, the concept encompasses new forms of work that are shaped by today's knowledge and information society.



## The stops along the way:

- **Objectives and Key Results (OKR)** is a collaborative goal-setting methodology used by teams and individuals to set ambitious goals with measurable results.
- **Open Knowledge** designates content whose free usability is guaranteed and whose further dissemination is generally permitted under copyright law.
- **Work-Life Blending** means the merging of the living world and the working world, leading to a barely perceptible jumping between profession and leisure time.

# Hybrid Culture



# Process Excellence

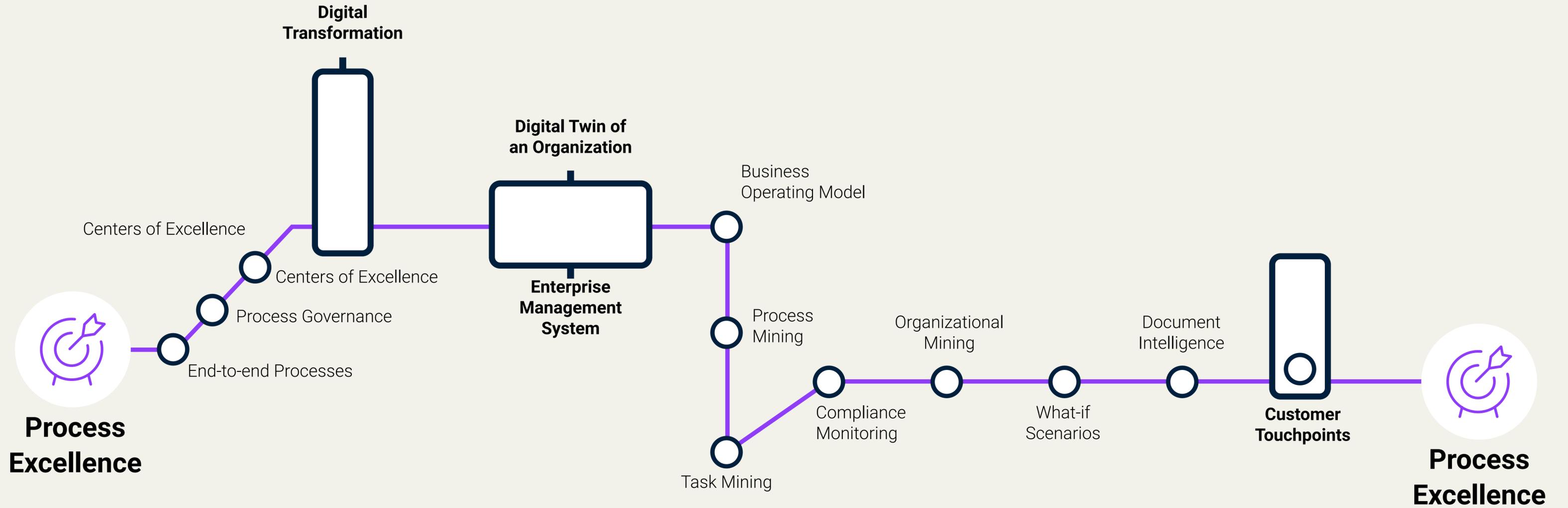
Process excellence encompasses all initiatives, methods and technologies aimed at optimizing the performance (in terms of times, costs, quality, etc.) of a company's core processes.



## The stops along the way:

- **Customer Journey Analytics** aims at analyzing customer behavior across touchpoints to measure customer satisfaction and the impact of customer behavior on business outcomes.
- **Process Governance** contains all the instruments and regulations to uniformly design and develop the process management of a company. This includes standards for how process management is to be developed and operated.
- **Process Mining** analyzes in an automated way the as-is execution of business processes to identify bottlenecks and to derive optimization measures.
- **Task Mining** is the automated discovery and analysis of user interactions on a desktop.

# Process Excellence



# Process Automation

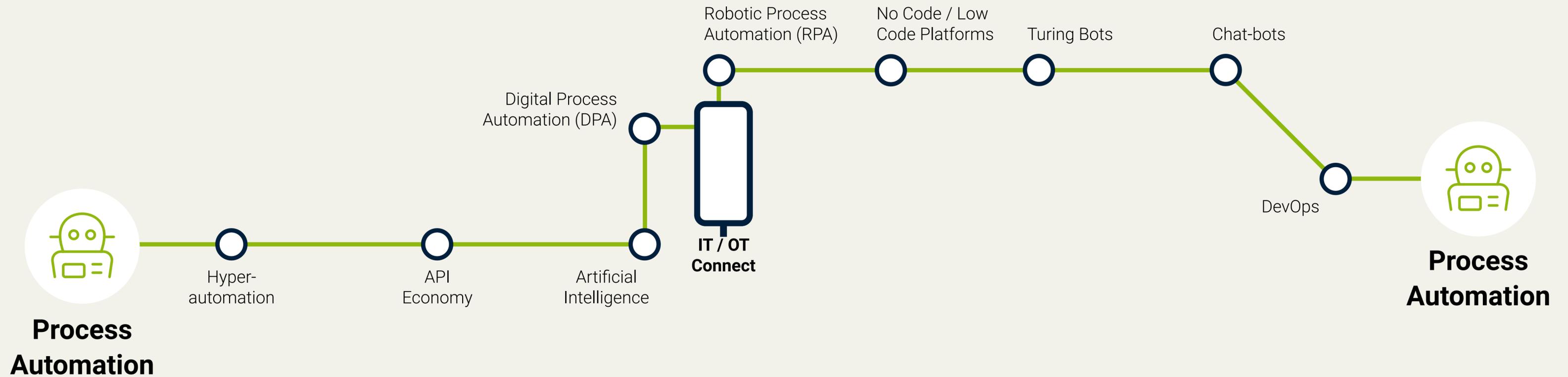
Process automation is defined as the use of digital technology to perform complex business processes and functions with minimal human intervention.



## The stops along the way:

- APIs (Application Programming Interfaces) define the protocol how software applications talk to each other. The exchange of these APIs and the systems to manage them through the wider digital ecosystem is the API Economy.
- Hyperautomation is a business-driven approach that allows organizations to automate business and IT processes by the orchestrated use of multiple technologies, tools or platforms.
- No Code / Low Code Platforms are types of visual software development environments that allow even citizen developers to create applications and mobile / web.
- Robotic Process Automation (RPA) is the configuration and usage of software robots to automate the tasks of office workers by manipulating data and processing transactions within software applications.

# Process Automation



# Regulatory Compliance

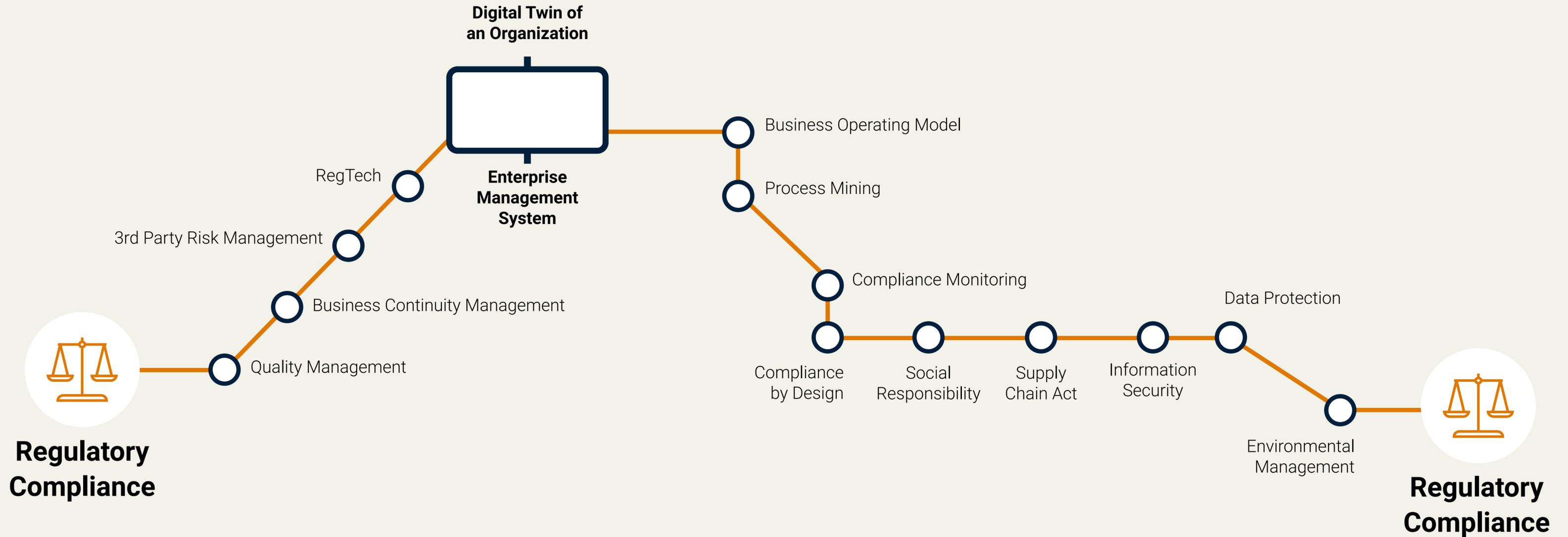
Regulatory compliance is the set of processes, policies, and governance structures making sure that an organization is following the rules and standards set for its industry.



## The stops along the way:

- **Business Continuity Management (BCM)** bundles methods, procedures and rules to resume productive operations as quickly as possible after disruption or failure of business processes or critical IT systems.
- **Compliance Monitoring** checks how well the business operations meet their regulatory and internal process obligations.
- **Supply Chain Act** (the Act on Corporate Due Diligence in Supply Chains, Lieferkettengesetz) is a law of the German government to come into force in January 2023 that commits companies to ensure compliance with human rights and certain environmental standards in their supply chains.

# Regulatory Compliance



# Operational Resilience

Operational resilience is the ability of an enterprise to quickly adapt and respond to disruptions while maintaining continuous business operations and safeguarding people and assets. Operational resilience relies on identifying essential functions and prioritizing what is critical to be performed in times of massive disruptions.



## The stops along the way:

- **Multi-Sourcing** is the approach of companies to procure its goods from several suppliers in order to gain competitive advantages in terms of price, quality and time from the competition between the suppliers and to reduce its own supply risk.
- **RegTech** is a subset of fintech that focuses on technologies that ensure companies comply with their regulatory requirements.
- **Sustainability** aims at meeting the needs of the present without compromising the ability of future generations and is based on economic, environmental, and social pillars.

# Operational Resilience



# Industry 4.0

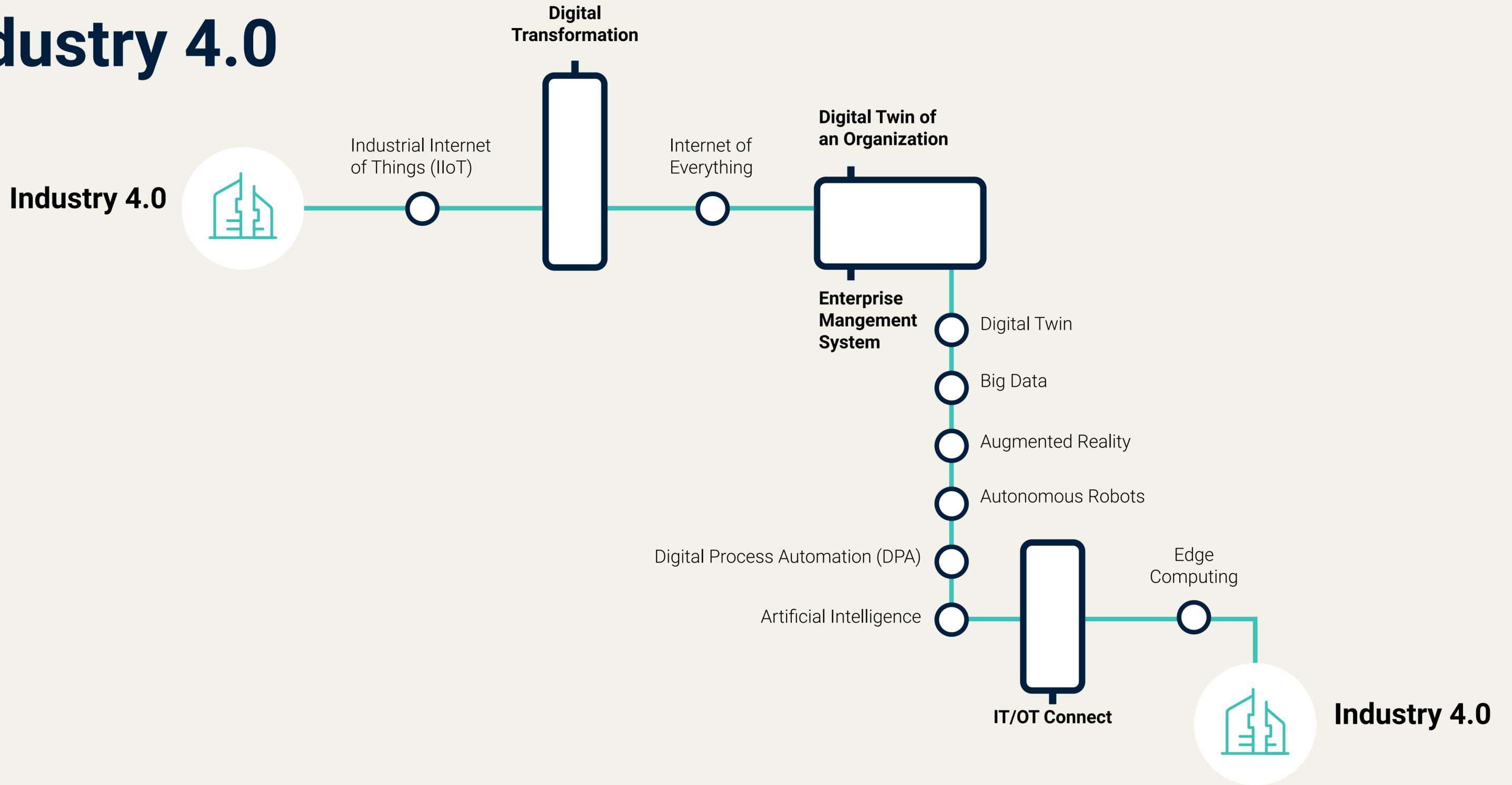
Industry 4.0 is the fourth major technological breakthrough in the history of industry and is aimed in particular at connecting the real world with the virtual world - production methods are combined with state-of-the-art information and communications technology.



## The stops along the way:

- A **Digital Twin** is a virtual representation of a real-world entity or system primarily to create simulations and to understand how things and systems work.
- **Edge Computing** is a distributed, open IT architecture to process data by the device itself to enable mobile computing and internet of things (IoT) technologies.
- **Industrial Internet of Things (IIoT)** refers to the use of the internet of things (IoT) in industrial sectors based on the intersection of information technology (IT) and operational technology (OT).

# Industry 4.0



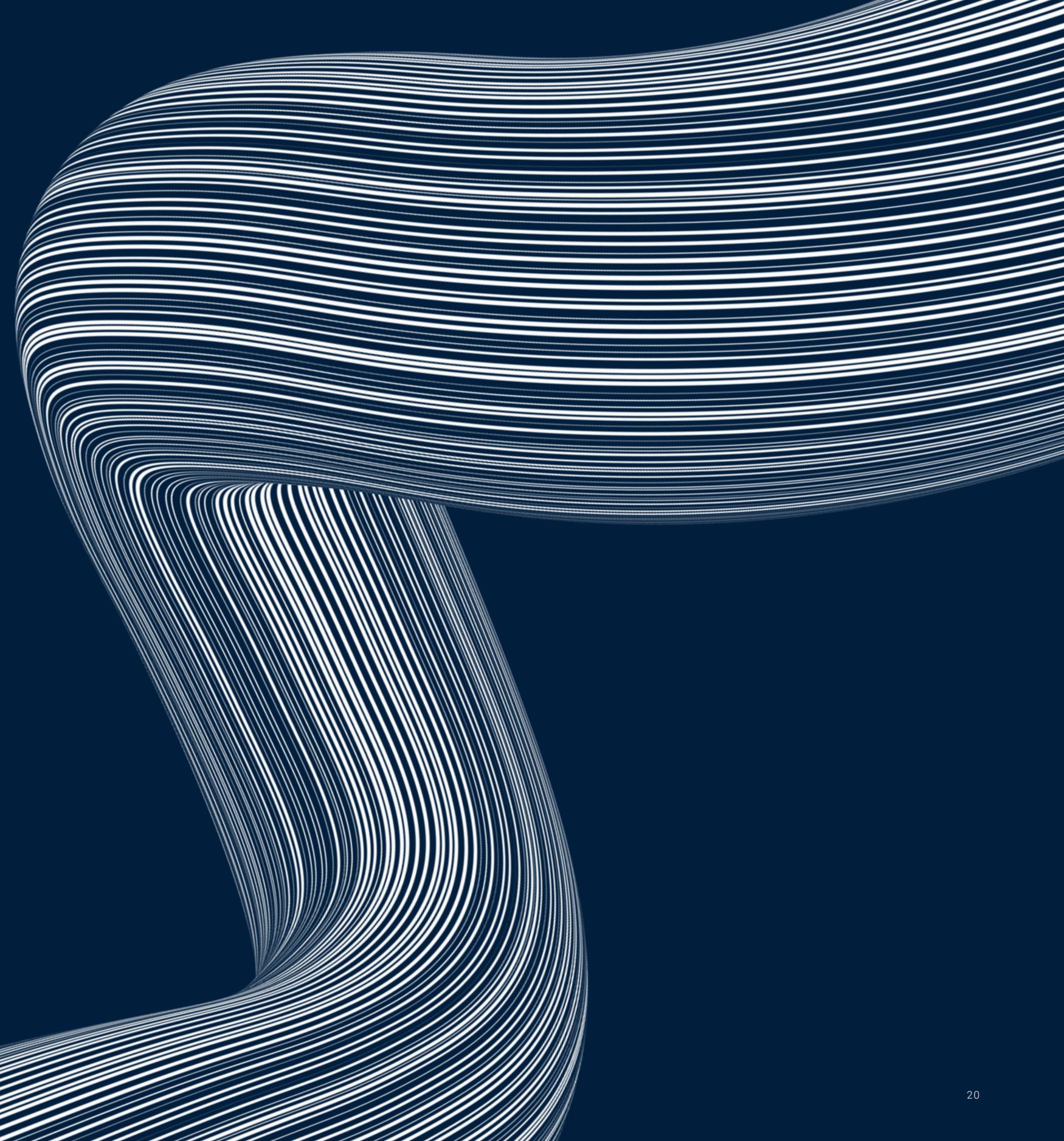
# Connectedness

Connectedness describes the principle of networking based on digital infrastructures and communication technologies. Connectedness leads to fundamental changes in the way we work and do business.

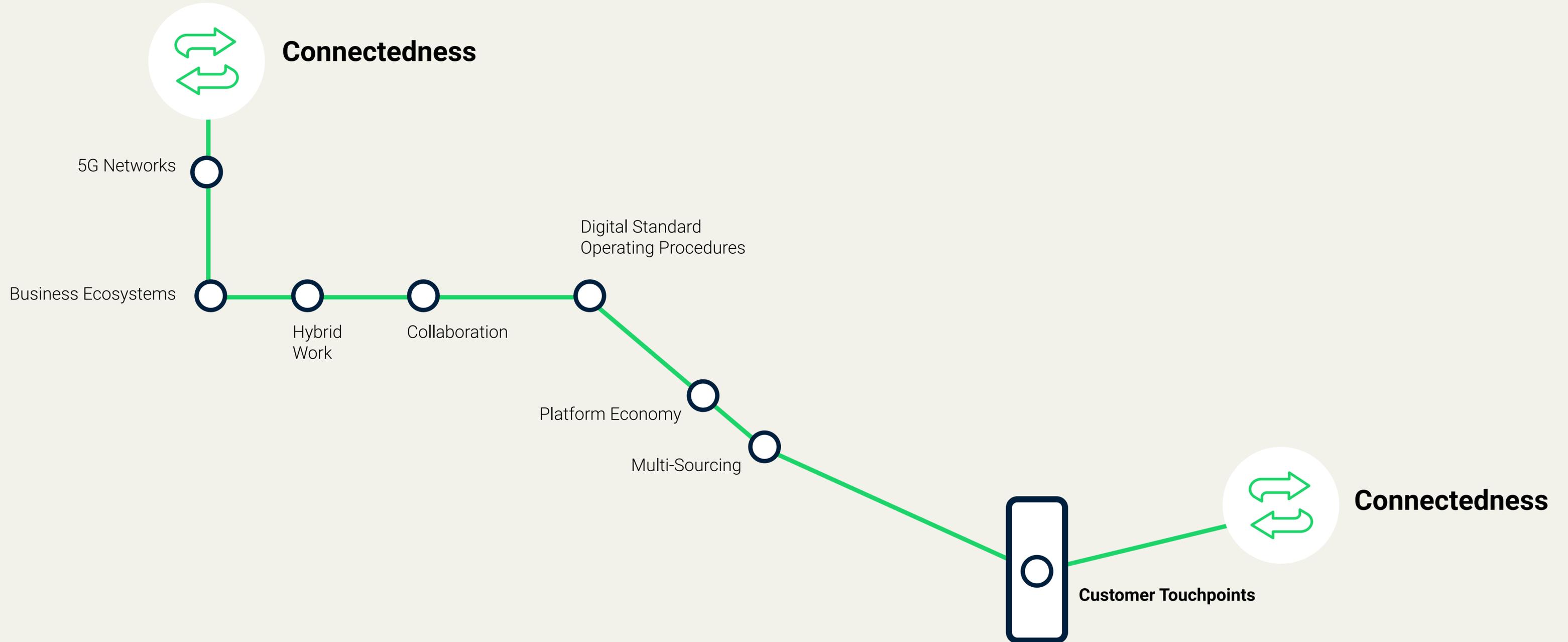


## The stops along the way:

- **5G Networks** is the 5th generation mobile network standard aiming at connecting virtually everyone and everything together including machines, objects, and devices.
- **Platform Economy** refers to the shift from a product-based business model to technology-driven platforms with multiple offerings and collaboration and community connectivity.



# Connectedness



# Customer Centricity

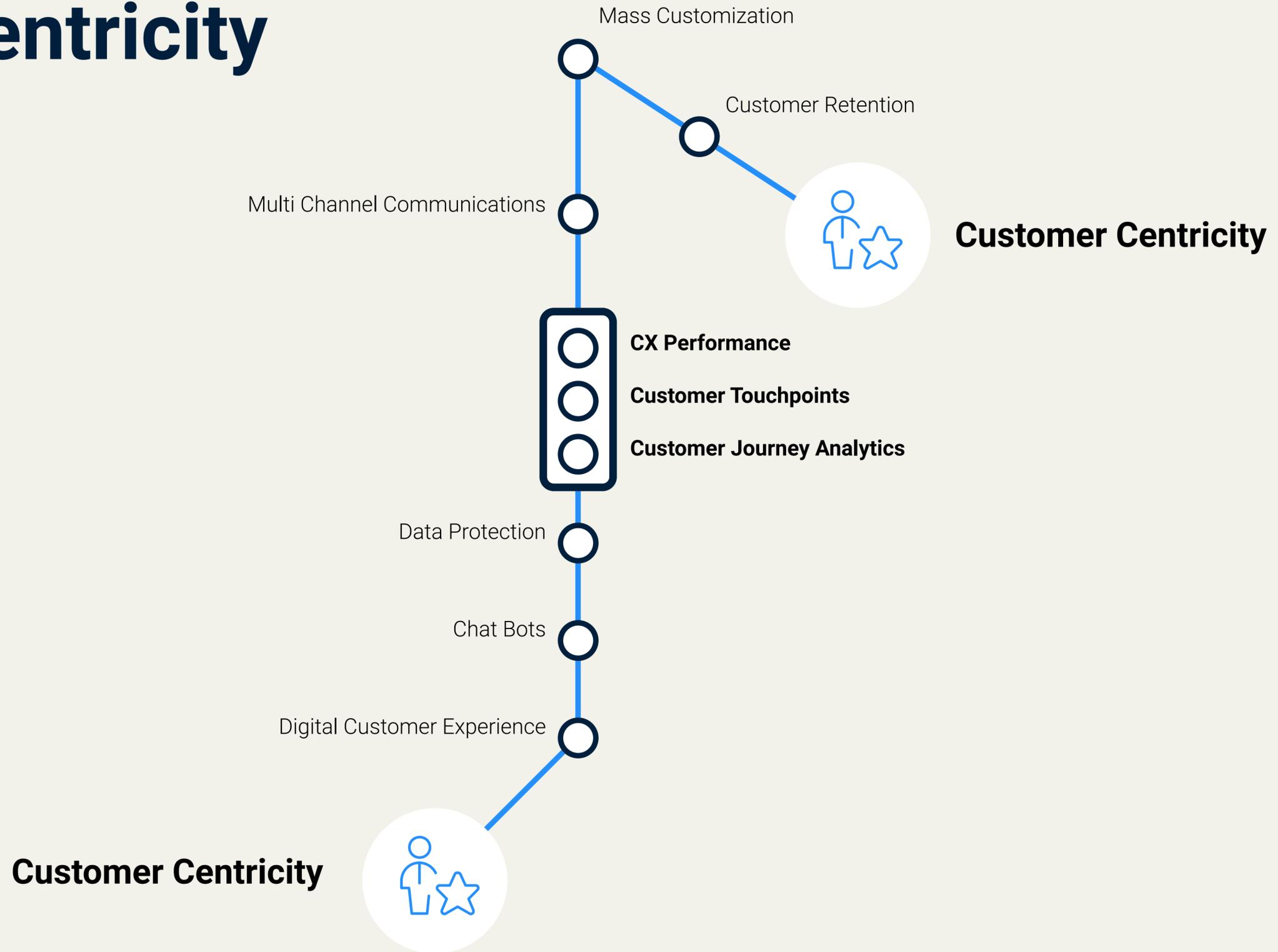
Customer-driven business puts customer needs at the heart of the corporate strategy. This concept argues that only by attracting and retaining customers will long-term profits be obtained.

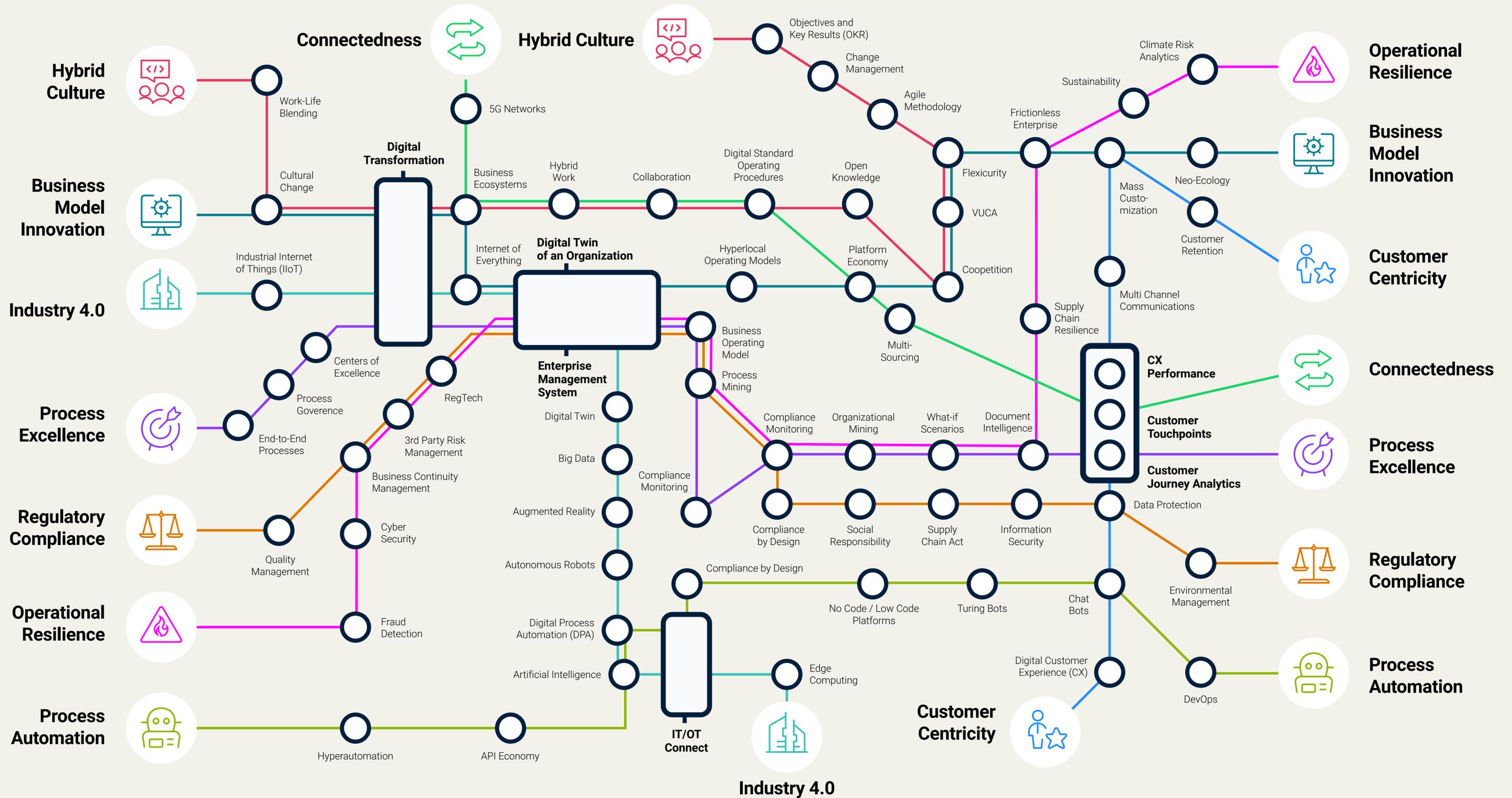


## The stops along the way:

- **Customer Retention** refers to a company's ability to turn customers into repeat buyers and prevent them from switching to a competitor.
- **Digital Customer Experience (CX)** deals with digitally-mediated experiences and touchpoints of customers engaging with a brand through the internet.
- **Mass Customization** (built-to-order) combines the flexibility and personalization of custom-made products with the low unit costs associated with mass production.

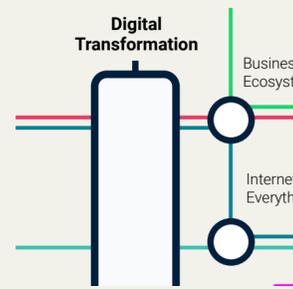
# Customer Centricity



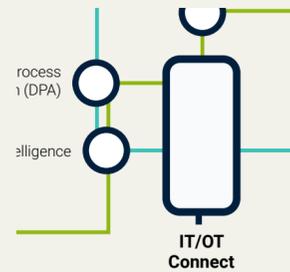


# Intersections

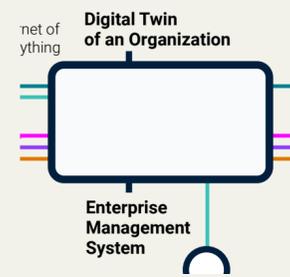
The following intersections or transfer stations are—similar to a bustling urban metro—particularly interesting and buzzing with activity. These nodes connect many of the trends together:



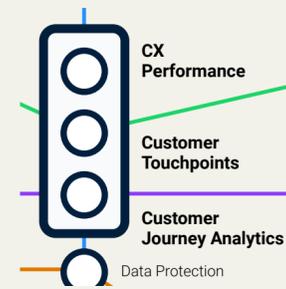
Digital Transformation is about integrating digital technologies into all business areas with fundamentally changing how to operate and to meet changing business and market requirements.



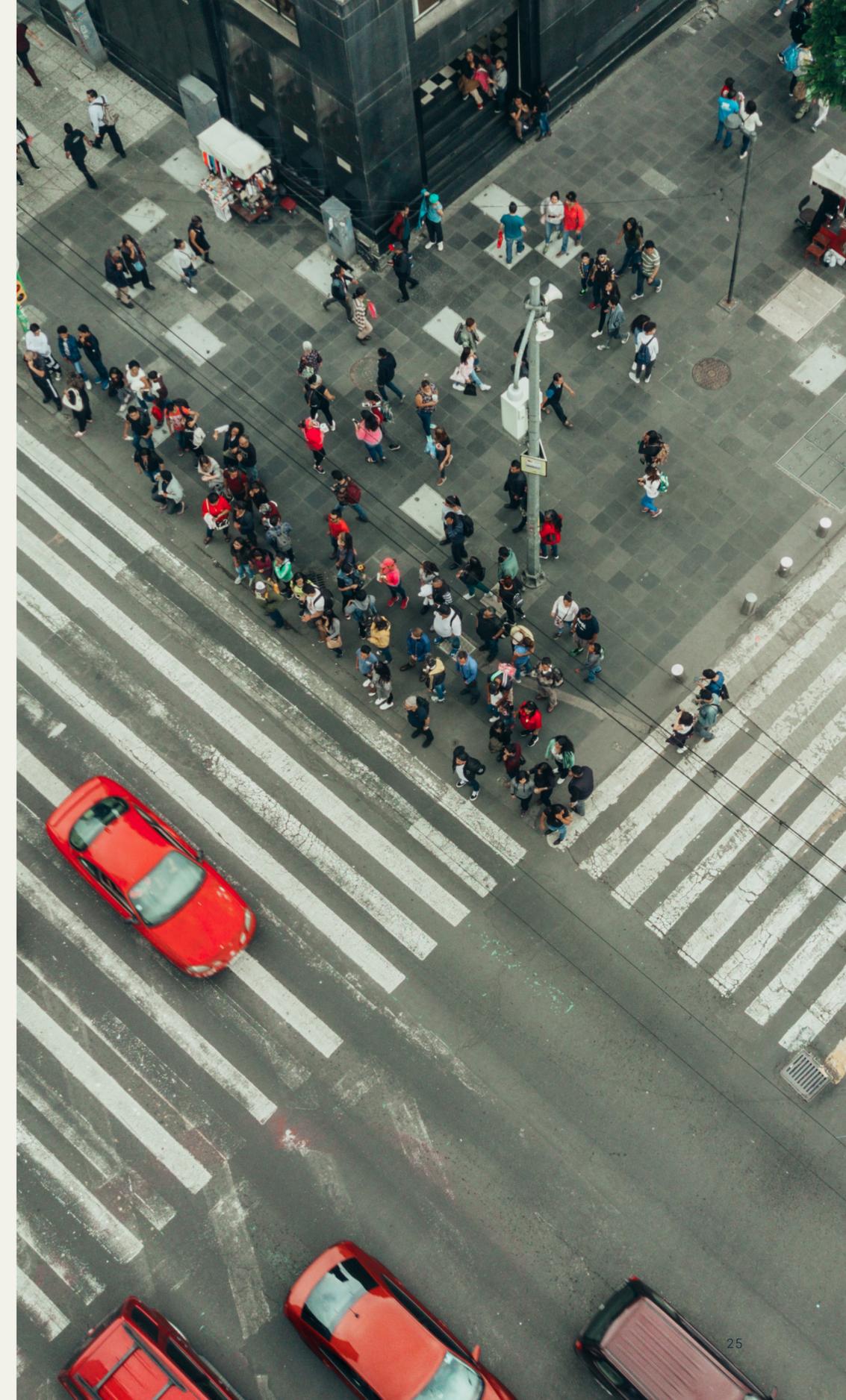
IT/OT Connect is the integration of information technology (IT) systems that manage data with operational technology (OT) systems that control the physical world.



The concept of a Digital Twin of an Organization (DTO) provides a virtual representation of an organization to simulate the business operations and to support the implementation of changes. Enterprise Management System is often used synonymously and serves the transformation and optimization of an enterprise.



Customer Journey Analytics monitors customer behaviour across Customer Touchpoints to measure the impact on business outcomes. Customer journeys are recognized as a mean to improve Customer Experience (CX) Performance.

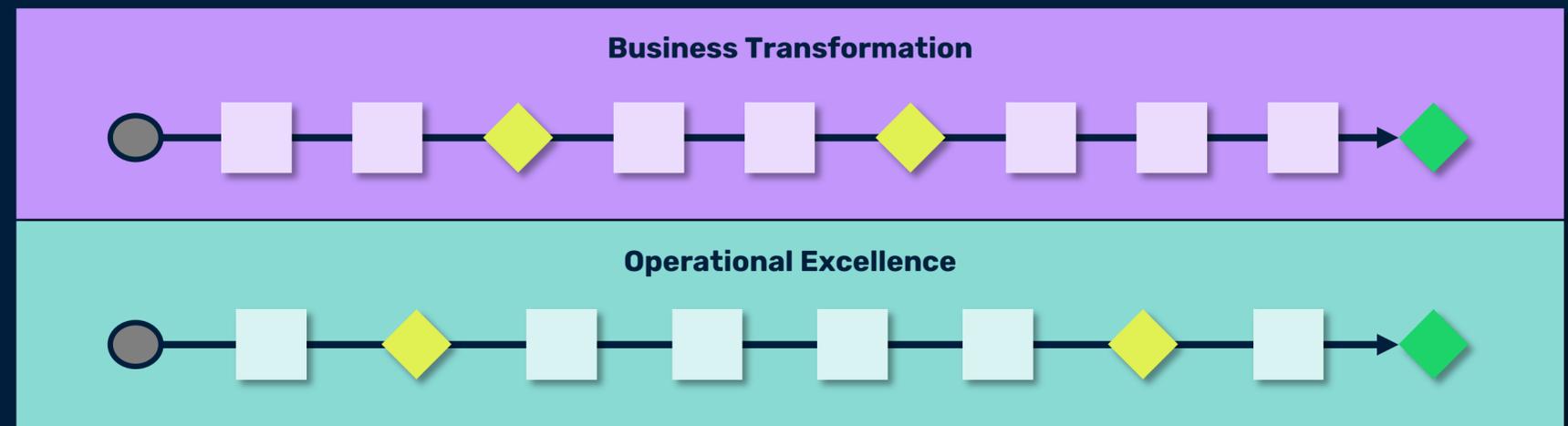


# Putting the trend map to action

To keep up with the rapid changes in your industry, think of strategic transformation and operational implementation together. It is more than a conventional change process. Successful companies proactively shape change despite many uncertainties and efficiently implement innovative business models at the organizational, process and technology levels.

## Use the trend map as your Global Positioning System (GPS) to increase the maturity of your organization:

- Share the trend map with the stakeholders of your company
- Identify the mega trends relevant for your organization
- For each mega trend: adapt the trend line to your specific needs
- Define goals, initiatives and milestones
- Derive your individual roadmap to successful Business Transformation and Operational Excellence



# What's the value of your transformation initiative?



Contact our experts today: [www.softwareag.com/aris-contact](https://www.softwareag.com/aris-contact)



Software AG helps you create effortlessly connected experiences for your customers, employees and partners with an enterprise-grade iPaaS that integrates anything, anywhere, any way you want. By bringing application, data, API and B2B integration together in the same generative AI-enabled platform, you can run a high-performing enterprise and constantly improve it based on data. Get end-to-end visibility and governance across geographies, IT environments, and complex business ecosystems, with hybrid multi-cloud connectivity, and enterprise-grade security relied on by the most powerful banks, governments, and corporations in the world. Trusted by the world's best brands for more than 50 years, our technology and team of integration enthusiasts will make sure that integration is a driver of innovation for your enterprise. Ready to make integration really work for you? Now you can. Finally.

**Learn more at [SoftwareAG.com](https://SoftwareAG.com).**