

Identifying Digital Opportunities During and After the Pandemic

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Initiatives: [Executive Leadership: Digital Business Transformation and 2 more](#)

The current crisis has amplified the need for enterprises to become more digitally adept. Using our framework, executive leaders can methodically identify what parts of the business model need digital improvement and when, and strategize possible digital initiatives during and after the pandemic.

Additional Perspectives

- [Summary Translation: Identifying Digital Opportunities During and After the Pandemic](#)
(14 August 2020)

Overview

Key Findings

- The pandemic has accelerated the need for enterprises to become more digital. Working from home and the ability to remotely engage and transact with customers are at the forefront of this push.
- But enterprises must think beyond the concept that “digital” means “remote.” The postpandemic business strategy of an enterprise must guide how it chooses digital initiatives to pursue.
- For example, enterprises forced to cut costs will focus on digital initiatives that improve productivity (for example, process automation). Other enterprises that seek postpandemic growth will focus on digital commerce and digital revenue sources.

Recommendations

Executive leaders working toward digital business transformation:

- Update your digital business strategy. If your strategy was created, or last revised, before March 2020, it is out of date. Start by quickly identifying opportunities, and then reengage into a more formal strategy process.
- Find out how digital initiatives can improve all parts of your business model. Digital technologies and approaches are designed not just to allow for remote engagement and

operations. They can also change revenue and cost structures and enhance products and services.

Analysis

Restrategizing How to Become a More Digital Business

During the pandemic, many enterprises are realizing the value of digital technologies and approaches. For example, employees can work remotely, and enterprises can sell to and interact with customers digitally – two capabilities that enterprises are glad that they’ve already implemented to help them through the lockdown period.

And becoming more digital helps not just during lockdown situations. During reopening, a manufacturer in China has seen much faster ramp-up times due to a solid base of automation in its processes (for more details, see [“Lessons From China: Business Model Resilience in the Coronavirus \(COVID-19\) Outbreak”](#)).

This research helps executive leaders and their teams to start identifying ways to pursue a renewed digital journey. The output of the proposed approach is a set of initiatives to deal with the near-term challenges, such as expanded remote work and travel restrictions and all they entail on commercial and personal pandemic response. It also helps provide the input to create or revise a longer-term digital business strategy.

A Quick Way to Start Identifying Digital Initiatives

A period of crisis is not a time to develop a formal (and static) digital business strategy. Yet during these times, executive leaders need a way to think ahead and quickly share their current thinking – and then adjust it as things change. Instead of creating a formal strategy, executive leaders need a document that quickly states an objective. For example, the objective could be, “We need to immediately add a new mobile feature for customers,” or “We need to enable this function so employees can run operations remotely.” Executive leaders also need to look a little further ahead and make statements such as, “Let’s go further with the mobile app we enhanced during the crisis to set us up for success as things return to growth.”

Executive leaders should start with the “end in mind.” Figure 1 shows examples of possible digital improvement opportunities. The table shows *what* major areas of the enterprise need to be revised (for example, products, services and operations) and identifies *how* they can be improved with digital technologies and approaches. The table also provides the team’s best current prediction on postcrisis outcomes and guidance on *when* these digital improvements should be made. The rest of the document provides a guided approach for executive leaders to identify their own initiatives and build out their tables as shown in Figure 1.

Figure 1. Identifying Digital Opportunities



Identifying Digital Opportunities

	Customer	Value Proposition		Capabilities				Financial Model	
	Digitalize Customer Relationships	Add More Digital Channels	Digitalize Offerings	Maintain Employee Productivity When Remote	Rightsize Physical Facilities	Digitalize Process Capabilities	Connect to Ecosystem Partners	Change Revenue Models	Change Cost Structure
Renewing driver's license Return	Allow for digital signatures and ability to submit photos digitally 	Add mobile app version 	Add new online one-day rush service (for extra fee) 	Allow employees to remotely approve all complex renewals 	Replace low-volume service centers with kiosks 	Automate address change verification process 	Use govtech partners for fraud detection 	Eliminate online fee surcharge 	Implement automation and add partners to increase variable cost-fixed cost ratio 
B2B quote and order process Reinvest	Increase online quotable/orderable products to 90% (from 50%) 	Create APIs to connect to customers' purchase order systems 	Create self-service tool that allows customers to negotiate during quoting 	Convert sales call center to full virtual/remote operations 	Maintain physical space but increase productivity to handle more volume 	Automate the backend quoting of 90% of products/services 	Create API so drop-ship vendors can quote automatically 	Adjust volume discount tiers to favor lower volumes (to avoid stockpiling) 	Reduce headcount required per 100 orders via automation 
Manufacturing appliances Reduce	Not applicable 	Not applicable 	Not applicable 	Increase the number of production steps that can be remotely monitored 	Apply quick retool learnings from crisis to all factories to improve flexibility 	Add robots to move work-in-progress inventory in key bottleneck areas 	Force all suppliers and partners to interact through APIs or web front end 	Not applicable 	Increase contract manufacturing ratio to reduce fixed costs 

 Lockdown
  Reopening
  New Normal
  Don't Pursue

Source: Gartner
724392_C

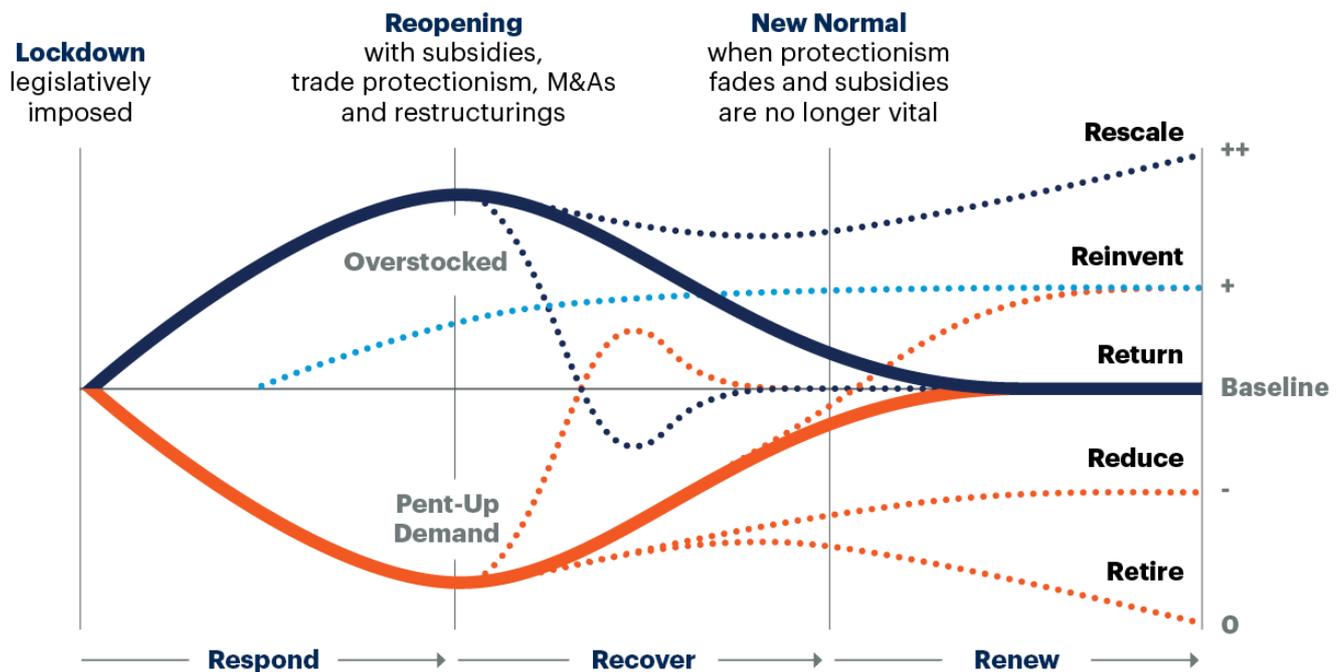
Step 1: Start by Determining the Phases of the Pandemic and Possible Outcomes of Your Enterprise

Getting a sense of where to focus digital investments starts with determining and predicting how the enterprise will come out of the pandemic situation. To structure this thinking and aid in discussions, Gartner created the Postpandemic Planning Framework (see Figure 2). More details can be found in [“The Postpandemic Planning Framework.”](#)

Figure 2. Postpandemic Planning Framework



Postpandemic Planning Framework



Source: Gartner
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It's difficult, but very important, to attempt to predict how different parts of the enterprise will navigate the pandemic as shown in Figure 2. It is also important to recognize that different parts of the enterprise may navigate different paths as they come out of the pandemic. For example, one business unit, product or service may face reduced demand after the pandemic and end up following the Reduce path. Another part of the enterprise may have seen huge surges in volume during the pandemic, but will likely fall back to pre-COVID-19 levels as depicted in the dark blue Return path in Figure 2.

These paths matter as enterprises will deploy digital initiatives to support and influence these postpandemic outcomes. For example, a part of the enterprise that is destined to follow the Reduce path will need a modified cost structure to remain viable. Following are some examples of digital initiatives that help reduce costs and change the cost structure:

- Automation to reduce costs
- Productivity tools to help employees
- Moving the work to outside partners via APIs to exchange fixed cost for variable cost

Digital initiatives are not just to support a given path. For example, some enterprises will not content themselves with the fate of the Reduce path. They will want to *influence* their destiny and

try to boost demand for higher sales or volume to take the Return path. In this situation, digital initiatives can also be critical to upgrading paths. Examples include:

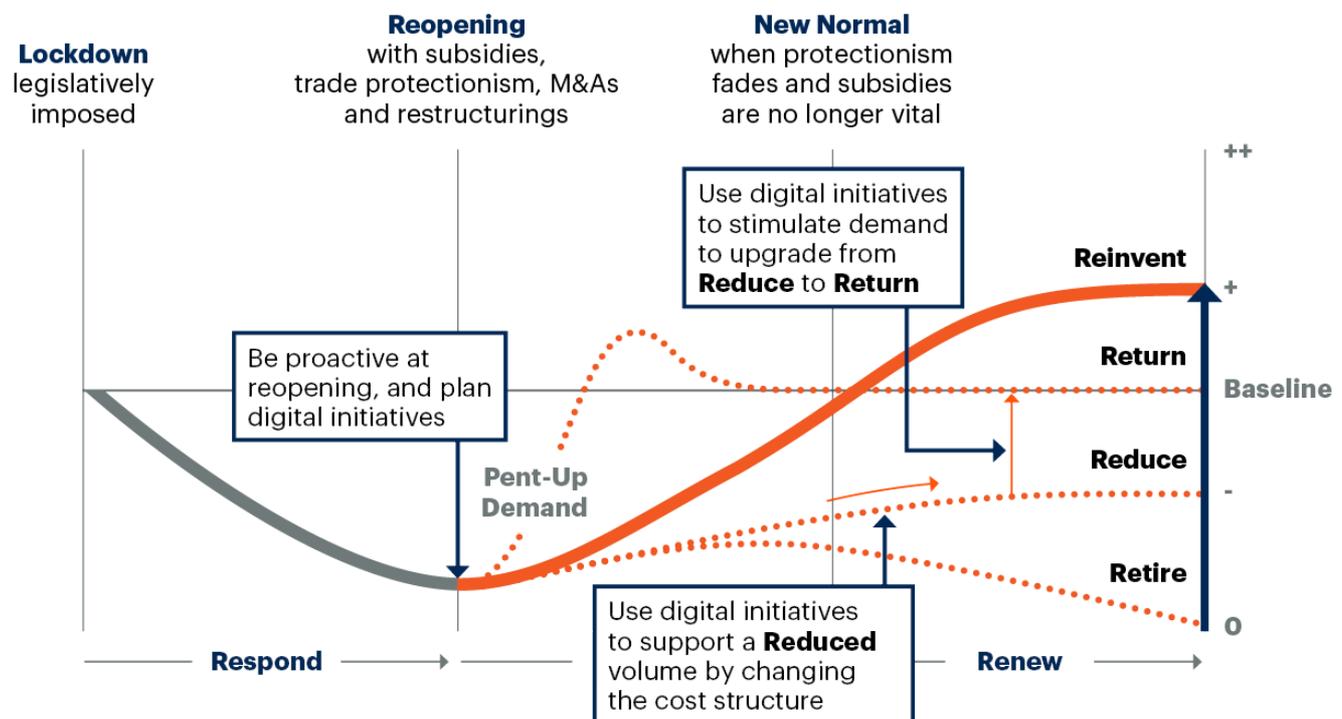
- Digital marketing and loyalty initiatives to stimulate demand
- Pricing and promotion analytics to pursue increased sales (often at the cost of lower margins)
- Supply chain automation and analytics to ensure that capacity is not constrained in fulfilling demand

Figure 3 illustrates these principles.

Figure 3. Digital Initiatives Should Support and Influence Outcomes



Digital Initiatives Should Support and Influence Outcomes



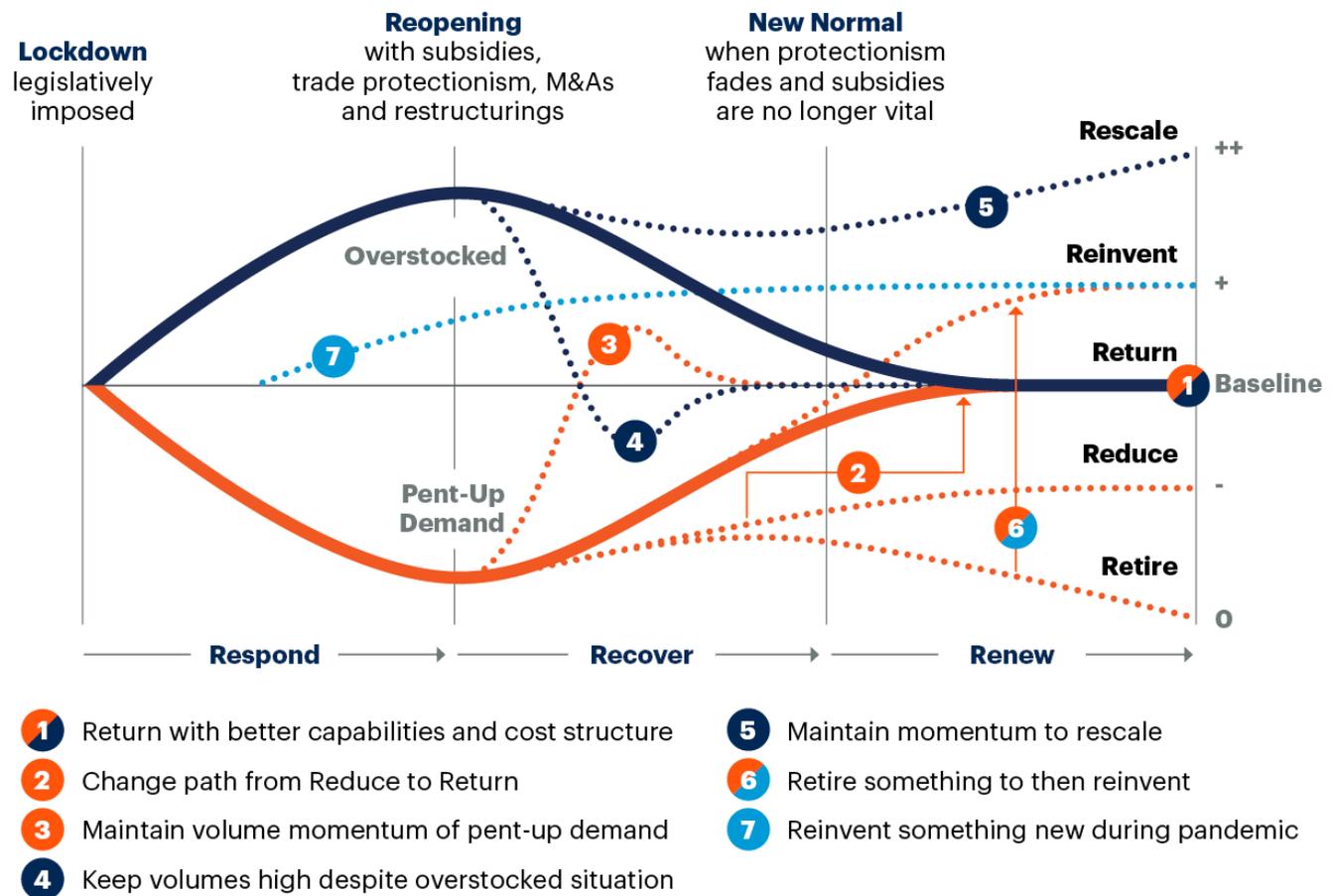
Source: Gartner
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Supporting and influencing a Reduce path is but one of the situations that enterprises will face as they exit the pandemic. For example, some enterprises saw huge increases in volume during lockdown (such as grocery stores and parts of media) and will have the problem of maintaining that volume momentum if they follow the Rescale path. Figure 4 illustrates several typical situations that enterprises will find themselves in. Executive leaders should have their teams think of the opportunities that apply to each part of the enterprise. These situations will provide guidance on the types of digital initiatives that the enterprise will want to pursue.

Figure 4. Plan How the Enterprise Will Exit the Pandemic



Plan How the Enterprise Will Exit the Pandemic



Source: Gartner

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Step 2: List Out the Main Areas of the Enterprise

The next step is to list the main areas that are important to the enterprise's business model. Executive leaders should not call out all the areas of the enterprise. The goal is to focus on areas that will benefit from being more digital. For example, core customer-facing product or service lines are a good place to start. Some enterprises might want to split up the list into more-operational areas like core and back-office processes. The point is to identify areas of the enterprise where improved digitalization will be required. Here is an expanded list of candidates to help decide what to focus on:

- Core products and services
- Customer-facing interactions (such as customer service and order management)
- Partner-facing interactions and processes (such as purchasing and outsourcing collaborations)

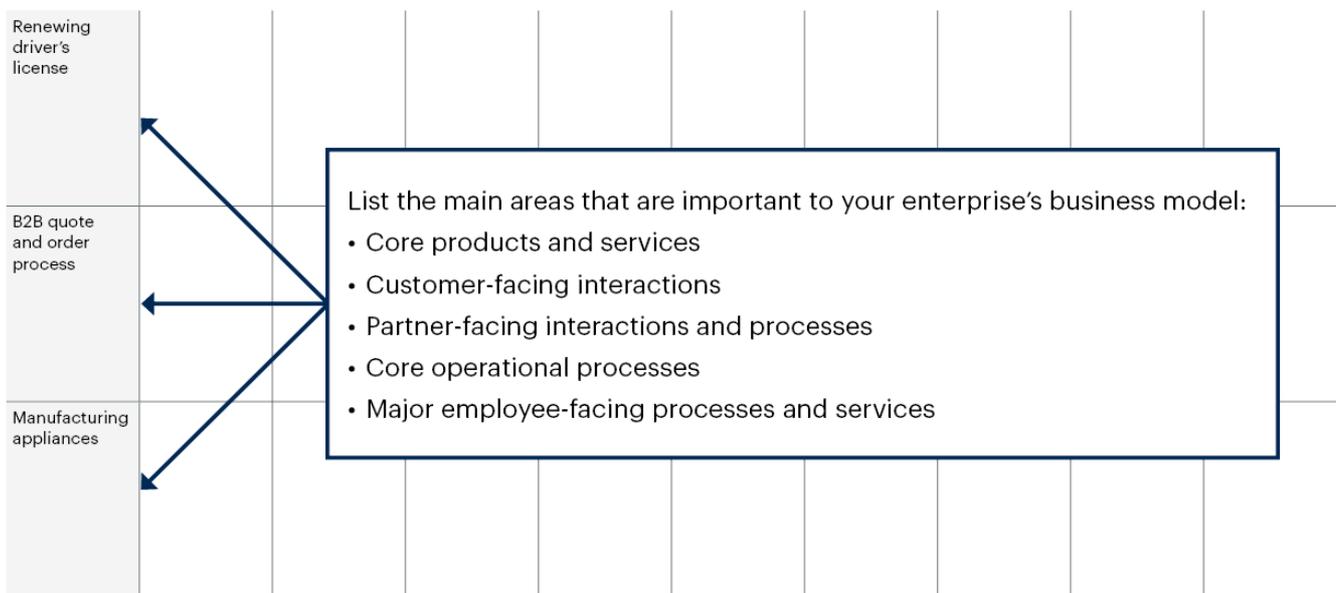
- Core operational processes (such as production, claims management, category management and teaching classes)
- Major employee-facing processes and services (such as workplace services, payroll and training)

Figure 5 shows an illustration with examples from different industries.

Figure 5. List Areas of the Enterprise That Have Opportunities to Become More Digital



List Areas of the Enterprise That Have Opportunities to Become More Digital



Source: Gartner
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Step 3: Apply Best-Estimate Paths

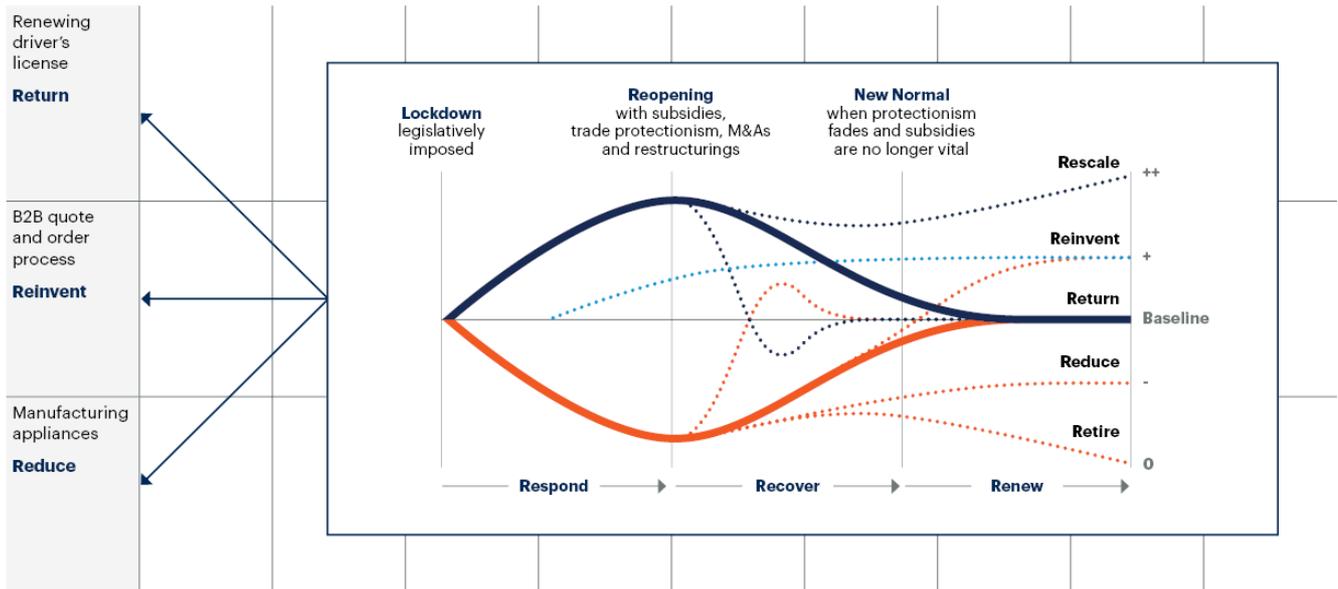
For each area listed from Step 2, executive leaders should provide the best estimate of the path or outcome (for example, Rescale, Reinvent, Return, Reduce or Retire) or an equivalent proxy (for example, forecast volume levels). Figure 6 illustrates this step.

Understandably, this is a challenging exercise, but one that must be done. Many resources are available to fine-tune these estimates. Gartner has published a number of reports and videos that discuss possible futures – see the [Coronavirus \(COVID-19\) Resource Center](#).

Figure 6. Estimate Paths or Outcomes



Estimate Paths or Outcomes



Source: Gartner
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Step 4: Use a Business Model Framework to Guide Discovery of Opportunities

Digital technologies and approaches provide a number of ways to improve the enterprise. Gartner proposes organizing these ways by the areas that make up a business model. Figure 7 uses Gartner’s Business Model Framework as categories. More-detailed explanation of the categories and the business model innovation approach can be found in [“React to the Coronavirus \(COVID-19\) Outbreak via Raising Business Model Resilience.”](#)

Figure 7. 10 Aspects of Business Model Innovation



10 Aspects of Business Model Innovation



Source: Gartner
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Step 5: Identify Ways Each Area Can Be Digitally Improved

Basically, executive leaders should get the digital strategy team (or those responsible for improving an area) to propose ideas and fill out the table. There will be two main sources for ideas:

1. **Pre-COVID-19.** Before the pandemic crisis, many enterprises were pursuing digital journeys. Gartner has a number of different research insights in this area. Here is one example – [“Digital Business Ambition: Transform or Optimize?”](#)
2. **During COVID-19.** Executive leaders can look at what other enterprises are doing as they deal with the crisis. For example, in the area of customer interactions, [“COVID-19: Take Immediate Action to Help Customers”](#) provides several examples of how enterprises are dealing with more-immediate customer needs. Gartner also has industry research to help identify how technology helps in the short term and long term. Regions that are “ahead” and are reopening up, such as China, also provide a great source of ideas. This research provides insight on several Chinese

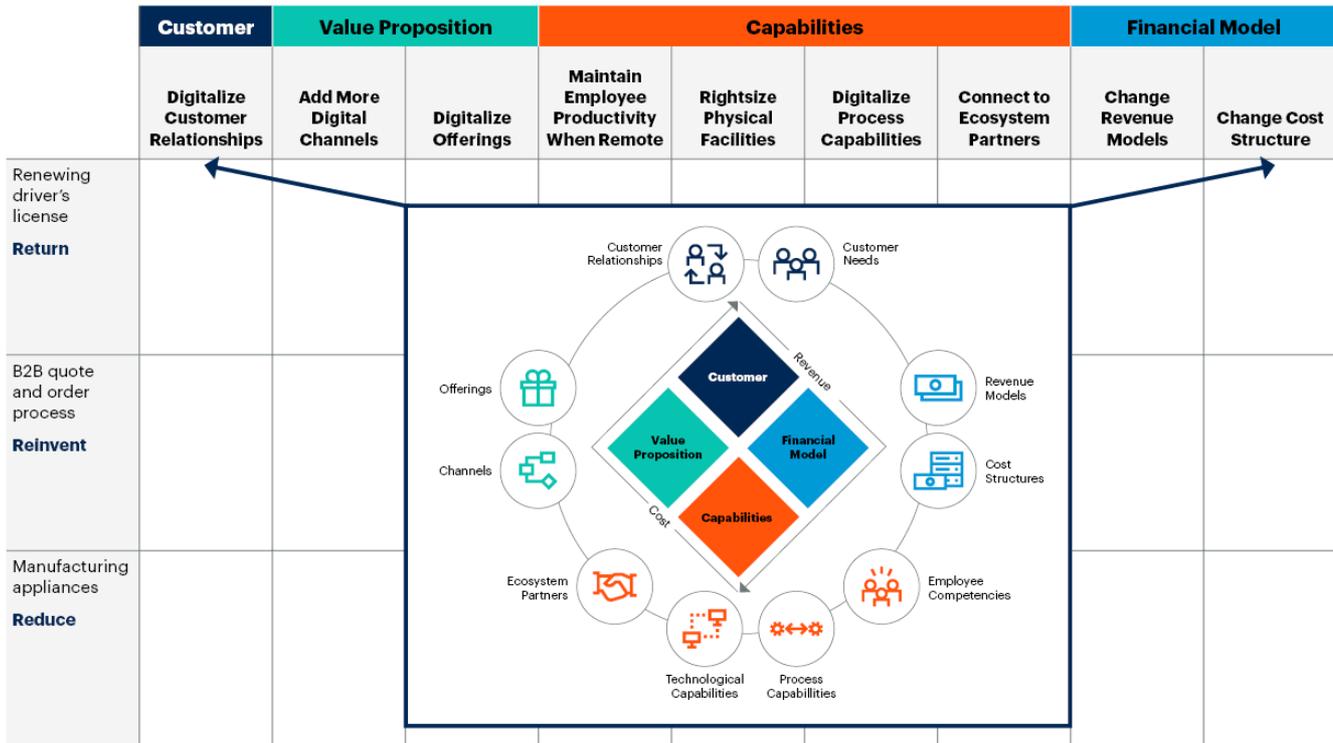
enterprises' initiatives — “Lessons From China: Business Model Resilience in the Coronavirus (COVID-19) Outbreak.”

Figure 8 shows an illustration of the output of this brainstorming step.

Figure 8. Examples of Digital Initiatives



Examples of Digital Initiatives



Source: Gartner
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During this step, the team should brainstorm any possible ideas — regardless of timing or deciding whether it is worth pursuing. This will happen in the next step.

Step 6: Apply Timing and Filtering

This last step should have the team assign each idea in the table to a preferred phase from Figure 1. For each idea, executive leaders should decide if it needs to be actioned:

- **During lockdown.** These actions help with the immediate in-crisis situation.
- **For reopening.** These actions help handle the abrupt scaling (up or down) as the market reopens. These actions also set up the enterprise to reattract growth.
- **For the new normal.** These actions should be part of the new normal and will be persistent.
- **Not pursued.** These brainstormed actions are not worth pursuing for business case reasons or because the new normal environment simply does not need them.

Figure 9 shows an illustration of what the plan might look like with timing and filtering applied.

Figure 9. Table Showing Examples of Digital Initiatives and Their Timing



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The Table of Digital Initiatives Will Be Dynamically Updated and Become the Foundation for a More Comprehensive Strategy

What executive leaders have created is a snapshot of current best thinking, designed to be updated as events unfold (see Figure 10). The planning team should be updating this plan at every major event (for example, reopening, vaccine, market demand changes, supply chain shortages, and major regulatory or trade policy changes).

Figure 10. Use the Table of Initiatives to Update or Kick-Start Your Digital Business Strategy



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The table of proposed initiatives that the team has been updating can then be used as the starting point to create a more formal strategy – it can be thought of as a “jump-start.” A more comprehensive strategy will include specifics such as:

- Business cases, goals and metrics
- How the enterprise operating model will need to change
- How the technology landscape will need to change to support the digital initiatives
- Roadmaps and execution plans

The following research provides more insight into strategic planning and operating models:

- [“Digital Business Overview: Major Frameworks in One Report”](#)
- [“The Digital Business Strategy Template: An Executive Summary”](#)

- [“CIOs: Use a Grassroots Approach to Redesign the Enterprise Operating Model for Digital Business”](#)
- [“CIOs Should Use an Enterprise Operating Model to Improve Strategy Execution”](#)
- [“Scaling Digital Business Requires an Enterprise Operating Model Perspective”](#)

Recommended by the Authors

[The Postpandemic Planning Framework](#)

[React to the Coronavirus \(COVID-19\) Outbreak via Raising Business Model Resilience](#)

[Digital Business Overview: Major Frameworks in One Report](#)

Recommended For You

[Summary Translation: Identifying Digital Opportunities During and After the Pandemic](#)

[Tool: What the Board Needs to Know About Digital Calibration in Digital Business](#)

[When Forced to Make Tough Choices, You Have More Options Than You Think](#)

[What Proven Approaches Can CEOs Apply to Accelerate Digital Business, Post-COVID-19?](#)

[Video: Postpandemic Planning Framework](#)

Supporting Initiatives



[Executive Leadership: Digital Business Transformation](#)



[CIO Leadership of Strategy, Governance and Operating Models](#)



[Coronavirus \(COVID-19\) Resource Center](#)



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