

How Business Process Digitization Can Transform Your Company



Sifting through the seemingly endless discourse surrounding the potential value and impact of digital technologies, digital processes, and digital transformation can be challenging.

It can be tough to draw a clear line between a buzzword and its benefits. Cutting through the hype to understand the actual meaning of the terms used when talking about digital business is crucial.

For example, business process digitization is often mentioned as one of the most effective ways businesses can take advantage of emerging technologies to update existing processes and strengthen their competitive footing. Digitization is about more than simply moving your business online or converting analog data to a digital format, however.

Understanding what it is, and how it intersects with other concepts such as digitalization and digital transformation, can help you integrate digital technologies and workflows into your own organization and secure the benefits they offer with the greatest efficiency and efficacy.

Business Process Digitization: a Core Component of Digital Transformation

Digitization, digitalization, and digital transformation are terms that are often used interchangeably. Together, they provide context and clarity for businesses looking to evolve into, or further refine their status as, truly digital organizations.

But while these are related, they are *not* synonymous, and understanding the difference is key to developing and implementing an effective and enduring digital transformation strategy.

- **Digitization** is the conversion of analog information—for example, sounds, images, and text—into a digital format that can be processed by, and accessed and manipulated with, computers.

Digitization is what's often meant when people discuss "going paperless." It provides the basic conversion of information (and, increasingly, business processes) that will in turn serve as the core of larger digitalization and digital transformation initiatives.

- **Digitalization** leverages digitization as part of a larger set of goals centered on achieving digital literacy, capabilities, and growth.

Digitalization affects processes. For example:

- Moves beyond mere conversion of analog data sources to include digitization of business processes, workflows, products, etc.
- Focuses on building additional value and generating more revenue through modernization of business models.
- Seeks to secure or enhance competitive advantage through the use of digital technologies.
- Incorporates metrics and continuous improvement to identify and pursue additional new opportunities for optimization and modernization.

- **Digital Transformation** affects organizations as a whole. It's a comprehensive approach, integrating multiple initiatives leveraging digitization, digitalization, and emerging technologies to help an organization move from pre-digital (or early digital) status to a mature digital business model. Digital transformation follows a roadmap

established in part by insights harvested from process automation and optimization.

Initiatives will likely include modification and optimization of business processes to improve operational efficiency and generate greater savings and value. In this regard, digital transformation may be regarded as a component of an even larger organizational initiative—business process management.

Indeed, one of the primary foci of many digital transformation initiatives is to re-center finance, accounting, and procurement as sources of value through strategic insights, data-driven decision making, and critical improvements not just to existing processes, but to products, customer experience, and the company supply chain.

New businesses (particularly startups) are often perceived as having an “edge” over legacy organizations in the digital transformation arena, as many are entirely digital to begin with and often started by digital natives. However, *every* business can harness the power of digital transformation with the right policies, practices, and tools—and the willingness and capacity to embrace the cultural and operational changes that come with it.

Understanding the distinction between these common terms not only makes it easier to navigate discussions about them, but properly recognize and leverage digitization as the critical first step in the much more ambitious process of digital transformation.

Digitization is what's often meant when people discuss “going paperless.” It provides the basic conversion of information (and, increasingly, business processes) that will in turn serve as the core of larger digitalization and digital transformation initiatives.

The Importance of Digitization

Given the demonstrated benefits that come with even basic digitization—elimination of paper, reduced waste, lower costs, a more strategically engaged staff, etc.—it’s not hard to see why businesses of all sizes and types are actively pursuing it.

By implementing software solutions that include core digital technologies such as artificial intelligence, advanced data analytics, and robotic process automation (RPA), these companies gain immediate benefits while establishing a foundation for larger gains to strategic value that come with broader implementation of their digital transformation initiatives.

But digitizing both data *and* business processes is about more than simply automating existing workflows.

The definition of digitization itself is expanding as organizations realize that eliminating manual processes and analog data storage brings benefits that appeal to both internal and external stakeholders.

Digitization, as applied via digitalization, is also redefining:

- The tools used to accomplish a given task (e.g., RPA-assisted purchase order creation vs. paper-based manual data lookup and entry).
- The standards for efficiency and accuracy with which those tasks are performed.
- The strategic importance of data as a primary driver of decision-making, financial planning, and policy development—and the strategic importance of departments such as accounting and procurement who now serve as data and value centers for their organizations.

Beyond recontextualizing the *how* of working, digitization has become essential not only to streamlining internal processes, but achieving increased customer satisfaction by (at least in part) providing an exceptional customer experience.

Indeed, customers have come to *expect* an exceptional user experience, and failing to meet those expectations directly (via digital interactions) or indirectly (via operational inefficiencies) can prove fatal to the health of a business competing in today's digital marketplace.

So while process automation can, for example, reduce cycle times and eliminate human error, it can also provide enhanced integration of multiple interfaces and data sources in real time. For example:

- Team members can log into all their applications with a single sign-on (SSO).

- Onboarding of not only new staff, but suppliers and even clients can be achieved through the use of automated processes and scripts, supported by AI chat bots and automatic document population.
- In addition, customers can connect with AI-driven chat bots who can answer questions, check inventory levels, and even provide detailed configuration and purchasing options without the need for human interaction (while still providing the option to connect with a living, breathing sales person if desired).
- Advanced data collection, organization, and analysis, combined with process automation, provides detailed data models yielding actionable insights that can drive new product development, help improve customer service, modify supply chains to improve business agility and resilience, etc.
- Process automation and digitalization improves collaboration and communication between teams, team members, and business units. It provides the same benefits when collaborating with vendors and communicating with customers, particularly for the collection and analysis of customer insights based on user experience.

Ultimately, digitizing your data, and then digitalizing your processes with support from that data, is the first step in becoming a fully digital business.

They are key to providing enhanced, data-driven experiences to your vendors and customers as well as amongst your internal teams and business units.

Putting Business Process Digitization to Work in Your Business

Bringing your analog processes in from the cold and into the warm embrace of digital speed, accuracy, and efficiency requires care and planning. But you can start your journey by following a few basic best practices.

1. Understand the Different Types of Business Processes

All business processes can be boiled down to a series of interrelated tasks required to achieve a specific goal. In a business context, three of the most

common process types are:

- **Operational processes**, in which a series of sequential and concurrent activities produce a new service, product, policy, or business methodology.
- **Management processes**, in which leadership sets organizational goals, defines and delineates large-scale initiatives, and provides guidance and instruction for business activities.
- **Support processes**, in which specified tasks provide support for the day-to-day operation of the organization; the “business of doing business.”

Identifying which type of existing process you’re digitizing (or new processes you’re developing) will make it easier to integrate using your preferred software toolset.

2. Choose the Right Digital Platform

Whether you’re streamlining internal processes, looking to reduce turnaround times in your invoicing system, or developing a vendor portal to help improve your procure-to-pay (P2P) efficiency, you’ll need access to tools like RBA, data analytics and reporting, and artificial intelligence to get an optimal return on your digital dollar.

Choosing a comprehensive, cloud-based and purpose-built solution like PLANERGY:

- Centralizes data management and ensures clean, complete, and standardized data drawn from diverse sources.
- Provides leveled, role-appropriate access to data in real time from both desktops and mobile devices on any platform.
- Simplifies process automation, eliminating both human error and the need for human intervention on formerly tedious, time-consuming and high-volume tasks.
- Gives you access to powerful analysis tools to harvest actionable insights that improve decision-making, strategic planning, and business agility.
- Lets you take a modular approach, scaling process digitization to match organizational resources and overall goals for digital transformation.
- Eliminates paper, reduces waste, and shrinks your organization’s IT and

environmental footprints through the use of software as a service (SaaS).

- Provides immediate, demonstrable value and savings with the promise of additional gains to efficiency, speed, and accuracy through iterative continuous improvement.

3. Define and Document Your Goals

When you're targeting a process for digitization, determine the ideal outcome before you begin. Then identify the steps required to reach that goal, as well as opportunities to digitize and optimize processes when doing so.

It's often helpful to consider the user first.

Developed a guided buying system for procurement staff, for example, will have a different set of criteria than a customer-facing online store, even though both will likely have features such as catalog integration and real time support from AI chat bots.

Formalize your plan in writing. Establish the metrics you'll be using to measure success. And be prepared to review and adjust your processes once they're digitized to provide greater value, whether the metric is efficiency, accuracy, customer conversions, etc.

4. Invest in Digital Development Talent

While your team members are undoubtedly well-versed in their respective fields, digitization of the tasks they perform may not fall within their skill sets. Consider bringing on data scientists, digital design specialists, and digitization veterans into your organization to lead the charge.

They can collaborate with your staff to create successful digital versions of existing processes, develop new ones, and provide the training and information your teams need to digitize processes on their own.

This is another area where choosing a best-in-class software solution can prove invaluable, as they generally take a collaborative approach and provide information, training, and support before, during, and after your implementation.

Digitization is the First Step to True Digital Transformation

Don't get left in the digital dust. Digitization, digitalization, and digital transformation are essential components of your roadmap to success in the new normal.

Make sure you're on the right path by understanding your business processes, charting your course using data-driven insights, and investing in the tools you need to streamline and optimize your workflows.

What's your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
- Visit our "Solutions" page to see the areas of your business we can help improve to see if we're a good fit for each other.
- Learn about us, and our long history of helping companies just like yours.

[Book a Live Demo](#)

2. Download our guide "Preparing Your AP Department For The Future"

Download a free copy of our guide to future proofing your accounts payable department. You'll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

[download a free copy of our guide](#)

3. Learn best practices for purchasing, finance, and more

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

Related Posts