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Three key questions to evaluate your Digital Strategy

Assignment Summary:

Are you considering how digital transformation can shape an organization's success? This article delves into three essential questions that guide companies in choosing between a disruptive or adaptive digital strategy. From setting clear performance goals to understanding market readiness, these questions help organizations align their digital approach with long-term success.

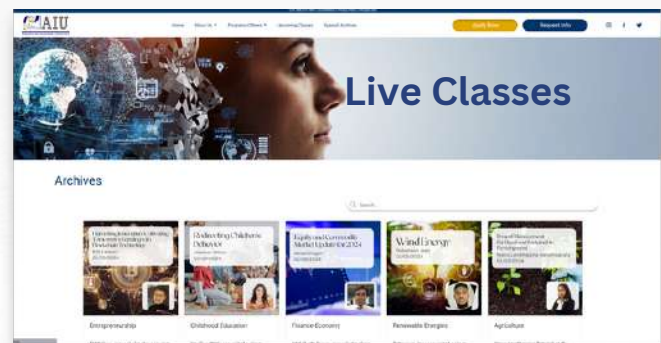
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In today's rapidly evolving technological landscape, establishing a solid digital strategy is essential for any organization looking to remain competitive and adaptable. Leaders face a fundamental question when shaping digital strategies: should they aim to disrupt the market or simply adapt? Each approach has its advantages, and making the right choice depends on several factors, including performance goals, competitor strategies, and market receptiveness to disruption.

Here, we present three essential questions to help guide an effective assessment of your digital strategy. These questions not only clarify the best approach for your organization but also provide a solid framework for strategic decision-making in a digital environment.

3 Pillars of Organizational Digital Strategy



Strategy

Digital Strategy aligns your tactics, capacity, and infrastructure to your larger organizational and specific digital campaign goals.



Capacity

Digital capacity is the human ability to deliver on your organization's digital strategy—both internal and external capacity.



Infrastructure

Infrastructure is the channels, tools, and ability to reach audiences we need to bring our strategy to life with our capacity.

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1. What Are Our Short- and Long-Term Performance Goals?

The first question for defining a digital strategy is to clearly understand the organization's performance goals in both the short and long term. Is your company focused on enhancing internal efficiency, or does it aim to set new standards in the market and outpace competitors?

Goals for absolute performance, such as improving operational efficiency or customer satisfaction, focus on internal improvement. Toyota, for instance, has used digital technologies like the Internet of Things (IoT) and artificial intelligence in its production lines to improve precision and reduce costs, aiming to reach internal milestones without fully disrupting the market.

On the other hand, goals for relative performance focus on outperforming competitors by creating new industry standards. Netflix, for example, shifted from being a DVD rental service to a streaming giant, redefining how consumers experience entertainment and surpassing competitors like Blockbuster. Although this shift required significant investment, the disruptive model allowed Netflix to capture a large market share, significantly outperforming its competitors.

While a disruptive approach can be rewarding in the long term, it may come with high risks. However, if the focus is on stability and efficiency, an adaptive digital strategy might be more suitable.

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2. What Digital Strategies Are Our Competitors Implementing?

The second question in evaluating your digital strategy involves closely observing competitors' strategies. If a competitor has adopted a disruptive approach, should you follow the same path, or is it better to wait, observe, and adapt based on their results?

A good example is Siemens' response to General Electric's (GE) entry into the IoT market with its Predix platform. Instead of launching a similar disruptive platform, Siemens chose to adapt its digital operations by developing the MindSphere platform, which integrates into existing business units to digitalize processes. GE, however, incurred significant losses with Predix, ultimately selling off the platform and its business unit.

A second-mover strategy can be beneficial, as it allows an organization to observe competitors' successes and failures, adapting only proven innovations. This approach reduces risks and enables the company to implement a more informed and strategic response to new market dynamics.

For many organizations, observing and adapting to competitors' innovations is more feasible than a complete disruption, especially in industries where deep changes are costly and high-risk.

3. How Receptive Is Our Market to Digital Disruption?

The third question involves assessing the market's openness to digital disruption. Not all markets immediately accept radical technological changes; some face consumer resistance, regulatory barriers, and infrastructure limitations, making digital disruption a difficult path.

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A prime example is Google Glass, an innovative product that struggled due to privacy concerns, social resistance, and a lack of complementary applications. Uber also encountered regulatory challenges in several cities, slowing its expansion despite its disruptive model.

Before committing to a disruptive strategy, it is crucial to analyze the market's openness. Customer resistance, regulatory challenges, and a lack of supporting infrastructure can make a disruptive strategy high-risk. In such cases, an adaptive approach may be more effective, allowing the organization to innovate without fully disrupting the market, which could ultimately backfire.



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Designing a Sustainable Digital Strategy

Crafting a successful digital strategy requires a careful consideration of performance objectives, competitor moves, and market receptiveness. Whether you aim to make waves with digital disruptions, enhance existing capabilities, or even blend both strategies, your choice should be grounded in a deep understanding of your goals and the competitive landscape.

While disruptive digital strategies may be popular, they aren't always the best solution. Sometimes, continuous adaptation and refinement are more effective for achieving sustainable digital transformation tailored to your market.



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For those interested in exploring digital strategies and organizational transformation, [Atlantic International University offers programs](#) designed to develop a strong approach to digital innovation. With our flexible, distance-learning options, you can study and develop impactful strategies globally, advancing your knowledge in a flexible and personalized environment. Start your journey towards digital change leadership today!

Also, you can learn more about this topic in AIU's, wide range of [recorded classes](#) that cover various subjects of interest and that can be very useful to expand your knowledge. If this topic interests you, you can explore related live classes. Our extensive [online library](#) is also home to a wealth of knowledge, comprised of miles of e-books, serving as a valuable supplemental resource.

Below we share a series of resources that will help you expand your knowledge on this topic:

[Digital Leadership For The Digital Transformation Process.](#)

Atlantic International University

[How digitalization, digital transformation strategies are evolving.](#)

[DIGITAL STRATEGY RETURN ON INVESTMENT.](#)

[Developing a digital transformation model to enhance the strategy development process for leadership in the South African manufacturing sector.](#)

[Industrial Digital Transformation : Accelerate Digital Transformation with Business Optimization, AI, and Industry 4.0](#)

[MAKE MAINTENANCE Part of Your Digital Transformation Strategy.](#)

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[Digital Business Strategy: An Investigation of Generic Types, Performance Implications, and Path Dependence](#)

[Digital Transformation: An Interview with David Rogers](#)
Jim Euchner talks with David Rogers about the ways digital technology is changing strategy and what leaders can do to manage the pace and complexity of the digital world.

[What are the key steps to evaluating a digital strategy?](#)

[Three Questions Every CEO Should Ask In A Digital-First World](#)

[Three Questions to Ask About Your Digital Strategy](#)

[7 Questions to Guide Your Digital Strategy](#)

[The Ultimate Guide to Digital Marketing Strategies](#)

[3 Pillars of Organizational Digital Strategy – Overcoming Barriers and Supercharging Your Organization](#)

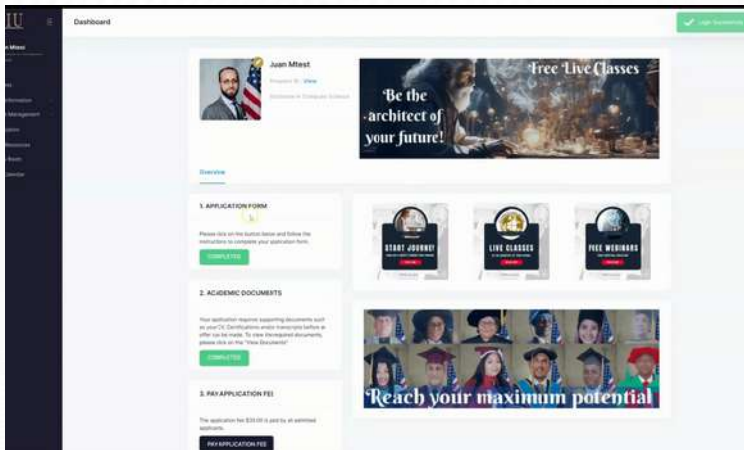
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