

The background of the cover is a dark blue, glowing digital globe. The globe is composed of a network of white dots connected by thin white lines, forming a mesh. Overlaid on this network are streams of white binary code (0s and 1s) that appear to be flowing or cascading down the side of the globe. The overall effect is a sense of dynamic digital connectivity and data flow.

Michael Hilb
(Editor)

Governance of Digitalization

The Role of Boards of Directors and
Top Management Teams in Digital Value Creation

2nd edition

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**The Role of Boards of Directors and Top Management
Teams in Digital Value Creation**

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Haupt Verlag

2nd edition: 2018

1st edition: 2017

ISBN 978-3-258-08096-3 (Print)

ISBN 978-3-258-48096-1 (EPUB)

ISBN 978-3-258-44096-5 (PDF)

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design: Daniela Vacas, CH-Berne

Cover illustration: spainter_vfx/Shutterstock.com

Typesetting: Die Werkstatt Medien-Produktion GmbH, D-Göttingen

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Introduction

It has been less than a year since the first edition of the book was published. Within this short period of time, the topic has become even more relevant as many of the developments described in the book have accelerated and are increasingly shaping the agendas of both boards of directors and top management teams.

When we discussed and decided to declare “governance of digitalization” as the topic of the year of the International Center for Corporate Governance, we were aware of the timeliness of the topic, judging by the extensive feedback we received, but we did not know where the journey might take us. In that sense, our journey has been similar to the journey many boards of directors and top management teams take when they embrace the opportunities and challenges of digitalization: a high degree of uncertainty as to where it will take them, mixed with a high degree of expectation and hope that it may solve all of their problems.

We have been privileged to find many co-travelers on this journey to shed light on the multifaceted topic of governance of digitalization. While both topics, that is, corporate governance and digitalization, are highly complex on their own, combining them in a way that made sense was an even greater challenge, which a group of executives, scholars, and thought leaders embarked upon jointly. We had the opportunity to share our ideas at various occasions throughout 2016, e.g. at the Partner Network Meetings of the International Center for Corporate Governance on June 3 and November 11, at the EIASM Research Workshop on Governance of Digitalization at Bocconi University, Milano, Italy on October 28, and at the Board Seminar on Governance of Digitalization held in Zurich, Switzerland on November 28.

This book is the result of all of these interactions and individual research projects, containing 12 perspectives on the fascinating topic of governance of digitalization, bringing together viewpoints from different disciplines, including business, law, and information technology, and from business leaders (e.g., from digital companies like Evernote or Haufe-umantis), academics (i.e., from leading universities across Europe), and thought leaders (e.g., from the World Economic Forum).

The 12 chapters are structured along four dimensions, providing a comprehensive view on governance of digitalization:

1. Providing strategic direction for digitalization (keep it strategic)
2. Controlling for outcomes of digitalization (keep it controlled)
3. Promoting the culture of digital transformation (keep it integrated)
4. Adapting the digital approach to the context (keep it situational)

We hope you find this an interesting read, and we look forward to learning your views on this fascinating topic.

Prof. Dr. Michael Hilb

Fribourg, Switzerland, April 2018

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Part A:
**Providing Strategic
Direction for Digitalization
(Keep it Strategic)**

A.1 Toward an Integrated Framework for Governance of Digitalization

Author



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Abstract

Governance of digitalization is top on the agenda for many corporate decision makers. The inherent high level of uncertainty and the dynamic nature of digitalization call for a comprehensive framework that will help both boards of directors and top management teams to navigate the fascinating space of digital opportunities and challenges. The GEAR framework introduced in this article offers such guidance by spelling out the key dimensions of digitalization, that is, governing, enabling, amplifying and realizing digital value creation, and providing option spaces for corporate decision makers along each of these dimensions, allowing them to develop realistic expectations about the impact of digitalization on existing or new businesses.