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Applied Insights from the FH Kufstein Tirol

THE AI AND DIGITALIZATION STRATEGY

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CHARTING A COURSE TOWARD AND IMPLEMENTING THE "NEW WORLD"

Today, nearly all companies, government agencies, and nonprofit organizations are engaged in intensive discussions about AI and digitalization. This is driven by new market opportunities, potential for innovation, labor shortages, regulatory requirements, and pressure to automate and increase productivity, among other factors. It is the responsibility of corporate leadership to find a methodology for this challenging and multifaceted discourse that is pragmatic, understandable, and efficient. An AI and digitalization strategy provides a tool that directly addresses business challenges, helps with prioritization, and accelerates implementation.

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I. THE NEED FOR A CONCISE AI AND DIGITALIZATION STRATEGY

AI and digitalization don't mean that top management have to be familiar with every single technology or algorithm in detail. However, corporate leadership is responsible for steering and launching an appropriate, future-oriented program[1]. For example, large insurance companies such as Talanx, Zurich Insurance Group, or Credit Agricole are constantly tasked with reviewing and implementing their AI and digitalization activities. These range from simple internal process improvements to comprehensive bot and service solutions for customers.

AI and digitalization must be driven by top management.

Normally, no organization starts from scratch. In most cases, many ideas already exist or are in the process of being implemented. That is why a compilation of existing topics should be made before the actual development phase begins. In a lot of cases, members of staff and managers are surprised by how much has already been thought through, discussed, tested, or initiated. Once again, this demonstrates that our society and our economy don't have a problem with creativity or insight, but rather a bottleneck in

[1] See Kreutzer, R., Understanding Artificial Intelligence, Wiesbaden 2023, pp. 29 ff. and 115 ff.

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implementation. This compiled list of topics can then be incorporated into the development process.

If there is a secret to the success of AI and digitalization projects, it is their connection to a specific, business-oriented future topic. Ideally, this topic stems from the objectives set by the Chairmen of the Board or the CEO. This helps to avoid getting bogged down in endless discussion loops. For example, if a chief sales officer recognizes that sales processes need to be made more effective, then this is precisely the starting point for AI and digitalization. It means ensuring the consistency of CRM (Customer Relationship Management) data, deploying chatbots, automating sales processes, and so on. Only with this framework established by top management can we ensure that work is goal-oriented and that there is healthy pressure to implement changes.

2. DEVELOPING THE AI AND DIGITALIZATION STRATEGY

Based on the wealth of practical and academic experience that are now available, best practices have emerged for structuring an AI and digitalization strategy[2] (see Fig. 1). The first step is to identify the drivers of AI and digitalization and to document the corresponding changes. These drivers serve as the starting point for the strategy's objectives. Here, key topics related to the market, productivity, human resources, and expertise are identified. The objectives are then quantified to establish a business case. The contributions of various functions to AI and digitalization must also be clarified - for example, for procurement, IT, marketing, or sales. This establishes the link between strategy and organization in order to prepare for implementation. Finally, the measures and resources required for implementation must be developed. It is at this stage, at the latest, that the truly decisive factor emerges - accountability for results.

Fig. 1: Structure of the AI and Digitalization Strategy	
1. Drivers of AI and digitalization	1. General changes in the environment: economy, society, technology, resources, personnel, expertise… 2. Changes among customers and in market offerings 3. Changes in the competitive landscape: direct competition, systemic competition, competition from customers or suppliers…
2. Objectives of the AI and digitalization strategy	1. Market-related objectives: market position, customer value, innovation, products, services, business model… 2. Productivity-related objectives: automation, cost efficiency, profitability, liquidity… 3. Human resources and expertise objectives: recruitment, employee and leadership development, skills / competencies…
3. Key metrics of the AI and digitalization strategy	1. Business metrics: market volume, market share, revenue… 2. Quantification of productivity: cost structure, value creation… 3. Quantification of profitability and liquidity: EBIT, cash flow…
4. AI and sigitalization contributions by function	1. Deriving functional objectives from the overall objectives and key metrics 2. Consistent functional strategies for AI and digitalization 3. Identification of the relevant interfaces between functions and cross-functional or management processes

[2] Simon, H., "The Digital Hidden Champions," in: Harvard Business Manager, 2019/11, pp. 62 ff.

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5. Implementation measures	1. Key measures for implementing the objectives 2. Clear formulation in terms of results (not: tasks) 3. Assign responsibility to a single person (no collective responsibility)
6. Resources for implementation	1. Quantification of personnel and material resources 2. Clear allocation to objectives, functions, or measures 3. Incorporation of resources into medium-term planning or the budget

In many cases, it makes sense to also adapt a company's mission statement in line with its AI and digitalization strategy, because it addresses very fundamental issues. Management must also determine whether a single strategy is sufficient or whether multiple strategies for business units or functions need to be developed within this framework. For example, if an industrial company is active in different technology fields, different AI and digital programs will be required because markets, customers, and products function differently in each case. It may also make sense to incorporate other cross-functional key topics that intersect with the AI and digitalization strategy. Examples include IT security, sustainability, and supply chain management.

3. THE PROCESS OF DEVELOPING AND IMPLEMENTING THE AI AND DIGITALIZATION STRATEGY

The process of developing and implementing an AI and digitalization strategy must be led by the relevant executive. The process is definitely not a playground for IT or data specialists or consultants. Of course, they can make valuable contributions to the content. However, corporate responsibility can never be delegated to them. In general, an interdisciplinary team of experienced leaders and implementers who develop the strategy using AI and digitalization methods has proven effective. The selection and depth of the tools used depend on the size of the company, the number of business units, the complexity of the functions, and, generally, the specific situation. Professional project management is essential. A swift approach, transparency, consistency, and, above all, a firm grounding in business reality. Above all else, focus, decision-making, and implementation are paramount to ensure that the AI and digitalization strategy actually delivers results.

AI and digital transformation require change management.

In the public eye, AI and digitalization are most often associated with companies such as Alphabet (Google), Nvidia, Microsoft, and Amazon. While these may be impressive, they remain the exception. The norm is that existing companies use AI and digitalization to further develop themselves and their market offerings, but do not (yet) revolutionize their industries. For established companies in particular, the challenge lies in actively steering this transformation with a strategy (Fig. 2). Professional change management

for AI and digitalization is an essential prerequisite for a curiosity to learn, adaptability, speed, and performance. These characteristics of companies are crucial when it comes to keeping pace with the "New World" brought about by AI and digitalization and capitalizing on the opportunities it presents.

Fig. 2: Implementation and Change Management for AI and Digitalization Strategy

1. A shared understanding among senior leadership regarding AI and digitalization in terms of business models, products, services, processes, and profitability
2. Communicating the necessity of AI and digital transformation ("Old World – New World")
3. A 360-degree view of the impact of AI and digitalization on customers, suppliers, competitors, and industries
4. Professional integration of AI and digitalization into data, process, and system environments (master data, ERP, security, cloud, platforms)
5. Actively involving members of staff and managers in AI and digital transformation - especially as drivers of the process
6. Ensuring AI and digital skills and competencies through active HR and leadership development
7. Achieving tangible results through rapid delivery of (initial) outcomes and fast-track pilot projects
8. Tangible benefits from AI and digitalization through improved market position and productivity
9. Regular review of changes (markets, customers, competition, technologies) using an AI or digitalization radar
10. Fostering an AI and digital culture through a curiosity for learning, demonstrating the tangible benefits of new technologies, and overcoming rigid structures

4. THE AI AND DIGITALIZATION STRATEGY AS A COMPASS

An AI and digitalization strategy is an integrated program designed to ensure a company's future viability[3]. As such, it reflects the transformation of the business model and serves as a compass for members of staff and executives. The AI and digitalization strategy is also the foundation for adapting organizational structures, talent development, and leadership processes. The methodology outlined here can be applied very broadly to companies, business units, key projects, product groups, customer segments, and so on. In most cases, just a few pages are enough for developing and implementing the strategy (see Fig. 3).

The key criterion for AI and digitalization is concrete results.

To ensure implementation, the AI and digitalization strategy should be linked to key management processes such as budgeting or goal-setting. It is an integral part of overall strategy review and implementation monitoring. This methodology creates a navigation system for the company and a management tool for the responsible executives. Ultimately, the strategy serves as the linchpin for what executives, in particular, are paid to deliver - results.

[3] Stöger, R., Digitalization Management, Stuttgart 2025, p. 59.

Summary: Application and Benefits

1. Navigation tool for management
2. Implementation catalyst for the "New World" of AI and digitalization
3. Solutions for improving competitiveness, market position, and productivity

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Fig. 3: AI and Digitalization Strategy: Tool and Example (Trader)

An internationally active commodities trader consolidates all AI and digitalization initiatives into a single strategy. This is also an integral part of the company's overall strategy.

1. Drivers of AI and Digitalization

1. Highly competitive market	• Entry of specialized competitors with advantages in terms of speed, networking • "Re-continentalization" (the Americas and Asia) and the growing importance of local facilities and on-site supervision
2. Transformation of logistics through AI and digitalization	• Increasing automation, digital and AI process integration with customers • Replacement of existing logistics models (in-house intermediary chains) and shift toward specialists
3. …	• …

2. Objectives of the AI and Digitalization Strategy

1. Integrated system solutions	• Development of integrated AI and digitalization solution packages "Supply-Plus" with a 5–10% increase in revenue (further development toward true system sales) • Ensuring the IT, technical, and ERP prerequisites for system solutions
2. Digital productivity program	• Implementation of an automation and digitalization package: cost reduction 5–10% of the supply chain • Ensuring all interfaces with: carriers, logistics partners, customers…
3. …	• …

3. Key Metrics of the AI and Digitalization Strategy

Key Metric	Year 1	Year 2	Year 3
Net Revenue	500	527	…
Revenue share from AI and digital solutions	5	15	…
Intermediate inputs / purchases / external services	400	…	
Value added (net revenue minus input costs)	100	…	
Investment	20		
Operating income	12		

4. AI and digitalization contributions by function

1. Sales	• Further development of sales toward "system sales" (training…) • Acquisition of 10–15 reference customers for AI and digitalization solutions • …
2. Logistics	• Development and implementation: "Supply-Plus" solution package (including business plan) • Transition to a new partner network • …
3. …	• …

5. Implementation measures			
Function	measure	Deadline	Responsible
1. Sales	1.1. "System Sales" program design	March 31	Gabowski
	1.2. Business development: 5–10 reference contracts with regular customers	Nov. 30	Keller
Feb. 2…	2.1. …		
6. Resources for implementation			
Function	Resources	Costs in euros	
1. Sales	1.1. Transition to system-based sales: sales and marketing support	200,000 in the first three years (per year)	
	1.2. Training for the new sales environment	100,000 (one-time)	
	1.3. …		
2. …	2.1. ...		