

# **A Methodology for Overcoming Digital Atrophy in Modern Organizations**

From Diagnosis to Enhancing the Effectiveness of  
Technology Investments



Sergiu Metgher

# **A METHODOLOGY FOR OVERCOMING DIGITAL ATROPHY IN MODERN ORGANIZATIONS**

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**Sep 2018 - Jan 2020**

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**Sep 2024 - Apr 2028**

## **Publication Info**

**The American Journal of Management and Economics Innovations  
(ISSN: 2693-0811)**

**ISBN: - 978-1-957653-60-0**

**CROSSREF DOI: - <https://doi.org/10.37547/tajmei/book-02>**

**PUBLISHED DATE: - 27 November 2025**

# Preface

In an environment where global investments in digital transformation (DX) amount to trillions of dollars, organizations are facing a paradoxical stagnation: up to 70% of technology initiatives fail to achieve their stated objectives. This gap between technological activity and actual business outcomes indicates a systemic managerial pathology. This monograph introduces and scientifically substantiates the concept of "Digital Atrophy"—a gradual erosion of organizational agility, productivity, and return on investment (ROI), masked by "vanity metrics" and the continuous implementation of new technologies.

The research conceptualizes Digital Atrophy as a synergistic failure caused by the accumulation of technical debt (TD) and, more significantly, organizational debt (OD)—obsolete structures, processes, and policies. The work argues that the pursuit of hyped technologies (e.g., AI) upon an unprepared operational foundation does not resolve, but rather exacerbates, existing problems, acting as a catalyst for operational instability.

Based on a systematic analysis of theoretical prerequisites (the productivity paradox, maturity curves) and an empirical analysis of atrophy manifestations in key sectors (public sector, manufacturing, finance, healthcare), the monograph develops a proprietary methodology, designated as the Digital Atrophy Recovery Framework (DARF). This methodology shifts the focus from technology acquisition to strengthening organizational "absorptive capacity" and executional discipline.

The work's central contribution is the development of a 5-stage framework, which includes a diagnostic toolkit ("The Five Pillars of Readiness") and a step-by-step recovery program (from mobilization to modernization and cultivation). The monograph offers a practical toolkit for executives, including a system of KPIs to measure progress in overcoming atrophy, with the ultimate goal of ensuring a sustainable increase in the effectiveness of technology investments.

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## INTRODUCTION

The modern economy operates under the banner of digital transformation (DX). Organizations across all sectors and regions are investing unprecedented amounts of capital in technology, seeking to gain agility, improve efficiency, and create new sources of value. Global spending on DX is projected to continue rising, amounting to trillions of dollars. However, against the backdrop of this colossal expenditure, empirical data reveal a troubling and persistent pattern of stagnating results.

This phenomenon represents a modern reincarnation of the "Productivity Paradox," first formulated in the 1980s [1]. Despite decades of computerization and, subsequently, digitalization, measurable productivity growth in many industries remains illusory. The problem is not a lack of technological potential, but a systemic gap between strategic declarations and operational implementation [1, 2].

Research from leading consulting agencies and academic institutions concurs: up to 70% of digital transformation initiatives fail to meet their original goals. Notably, this figure has remained "stubbornly consistent" over decades [3]. A bibliometric analysis covering more than thirty years of research confirms that despite the changing technological paradigms—from ERP and CRM to cloud computing and artificial intelligence (AI)—the fundamental inability of organizations to extract value from technology persists [4, 5].

The economic consequences of this gap are staggering. By some estimates, up to \$2.3 trillion has been wasted globally on failed digital transformation programs [5]. A 2023 survey of senior executives in the US revealed that the majority had not seen improvements in operational efficiency or profitability as a result of their digital investments. Companies are investing capital but not receiving an adequate return (ROI), facing a reality where technological activity does not translate into a competitive advantage [6].

This persistent failure demonstrates that the dominant, techno-centric models of transformation management are fundamentally flawed. The problem lies not with the technologies themselves, but with the constant—the organization. Research consistently points to the "human side" as the primary barrier: employee resistance [7], ineffective change management, and the inability to "get people to adopt new ways of work" [4]. Organizations continue to apply technical solutions to problems that are inherently human, structural, and cultural. This study proceeds from the premise that this paradox requires a radical revision of managerial approaches and the development of new models that shift the emphasis from technology implementation to building the organizational capacity for its absorption and effective execution.

To describe and analyze this paradox, this monograph introduces the term "Digital Atrophy" into scientific discourse.

Digital Atrophy is defined as the slow, progressive erosion of organizational agility, executional discipline, and return on investment (ROI), occurring despite constant and significant investments in digital technologies.

This is not an acute, diagnosable project failure. A failure is an event that prompts a root cause analysis and corrective action. Atrophy is a chronic condition that often remains invisible, masked by frenetic activity. It is a "dangerous illusion of progress," where the organization confuses motion with movement.

The masking mechanism involves shifting the focus from business outcomes to technology adoption. Leadership "celebrates" the number of AI pilot projects launched, the volume of data migrated to the cloud, or the sums spent from the IT budget. These indicators form "vanity metrics." They create a facade of digitalization while the underlying operational processes, culture, and structures remain unchanged.

Key symptoms of Digital Atrophy include:

1. Stagnation of results, obscured by performative reporting: The appearance of complex analytical panels that demonstrate activity but do not correlate with key financial indicators (P&L).
2. Scaling Failure: Endless pilot projects and "proofs of concept" (PoC) that demonstrate technical potential but are never scaled to the level of full production deployment.
3. Executive and staff fatigue: Cynicism and apathy arising from "constant change with no payoff," leading

to reduced engagement and increased resistance to future initiatives.

An organization affected by Digital Atrophy continues to invest in technological upgrades (new AI tools, cloud platforms), but its competitive capabilities—the ability to execute, adapt, and scale—are atrophying due to a lack of real stress-testing and systemic barriers. The problem this monograph addresses is that this "illusion of progress" prevents leadership from diagnosing the pathology in a timely manner, leading to an irreversible loss of competitiveness.

The objective of this monograph is to develop and scientifically substantiate a comprehensive methodology for the diagnosis, measurement, and resolution of Digital Atrophy in modern organizations. This methodology is aimed at increasing the effectiveness of technological investments by shifting the managerial focus from technology acquisition to strengthening organizational executional discipline.

To achieve this objective, the work addresses the following tasks:

1. To conceptualize the phenomenon of Digital Atrophy by conducting a systematic analysis of its theoretical prerequisites (technical and organizational debt, the productivity paradox, technology maturity curves) and its economic consequences.
2. To conduct an empirical analysis and classification of Digital Atrophy manifestations in various sectors (public sector, manufacturing, finance, healthcare, etc.), identifying universal markers and developing rapid diagnostic tools.
3. To develop a proprietary methodology for diagnosis and recovery, based on the conceptual model of the "Five Pillars of Readiness" and a 5-stage framework for overcoming atrophy, scientifically substantiating its integrity in comparison to existing management models (TOGAF, ITIL, SAFe, et al.).
4. To propose a practical toolkit for implementing the methodology, including a roadmap, a KPI system for evaluating progress, and a risk analysis, providing executives with effective levers to transition from reactive support to systemic management of technological effectiveness.

The scientific novelty of the research is as follows:

1. The introduction into scientific discourse and theoretical substantiation of the term "Digital Atrophy" as an independent managerial pathology. Unlike existing, disparate concepts such as "technical debt" (focused on software artifacts), "organizational debt" (focused on processes), or "resistance to change" (focused on psychology), Digital Atrophy is presented as an integral, systemic diagnosis. It unifies technological, operational, cultural, and strategic factors into a single, interconnected syndrome.
2. The development of an integrated framework ("The Five Pillars of Readiness") that, for the first time, links the diagnosis of fundamental organizational readiness with executional discipline. The monograph argues that DX success is determined not by the quality of the technologies procured, but by the level of "absorptive capacity" within the organization itself.

The practical significance of the work lies in the provision of a concrete, measurable, and reproducible toolkit for senior executives, Chief Digital Officers (CDOs), and Chief Information Officers (CIOs).

1. The diagnostic toolkit (including the "Atrophy Litmus Test" in Chapter 2) allows for a rapid self-assessment of the organization to identify hidden risk zones.
2. The step-by-step methodology (Chapter 3) and roadmap (Chapter 4) shift managerial efforts from technology acquisition to building the organizational capacity for its absorption. This enables organizations to move from the "illusion of progress" to a real and measurable return on technology investments.

## CHAPTER 1. THEORETICAL FOUNDATIONS AND CONCEPTUALIZATION OF THE DIGITAL ATROPHY PHENOMENON

### 1.1. A Systematic Analysis of Prerequisites

The phenomenon of Digital Atrophy does not arise in a vacuum. It is the logical consequence of the interaction and mutual reinforcement of several deeply rooted organizational and technological pathologies. To construct a holistic theory, it is necessary to decompose its key prerequisites.

The foundations for understanding Digital Atrophy were laid as early as 1987, when Nobel laureate Robert Solow formulated the famous "Productivity Paradox," observing that "you can see the computer age everywhere but in the productivity statistics." Decades later, this paradox has not only failed to be resolved but has taken on new forms in the context of digitalization [2]. Research confirms a persistent gap between declared digital strategies and their operational implementation [1].

Modern data [8] adds a key clarification to this paradox: the benefits of digital technologies, such as AI, are real, but their distribution is highly asymmetrical. They are concentrated among a small number of "superstar firms" that possess high "absorptive capacity"—the ability to recognize, assimilate, and apply new knowledge and technologies. Meanwhile, the vast majority of companies lacking this capacity do not see proportional productivity growth.

Thus, the "paradox" is not an absence of returns from technology as such, but rather a paradox of organizational readiness. It shapes a "two-speed" economy:

1. Digital Leaders: A small group of organizations that successfully integrate technology, reduce operational costs, and capture the market.
2. Atrophied Followers: The mass of organizations that invest in the same technologies but, due to internal barriers (described below), cannot "digest" them. As a result, investments turn into costs, and productivity stagnates. Digital Atrophy is precisely the state of an "atrophied follower."

#### 1.1.1. Technical Debt (TD)

The first and most obvious prerequisite for atrophy is technical debt (TD). Coined by Ward Cunningham, this term describes the implied cost of future rework caused by choosing an easy (limited) solution now instead of using a better, but more complex, approach that would take longer.

In the context of modern organizations, TD manifests as legacy systems, monolithic architectures, convoluted code, and fragile, "quick-and-dirty" integrations. TD acts as a fundamental resource drag on any transformation.

Empirical data confirms the scale of the problem:

- Organizations in the public and private sectors spend 60% to 80% of their IT budgets solely on operations and maintenance (O&M) of existing, often obsolete, systems [9].
- In the US public sector, specifically, up to 80% of the annual IT budget (totaling hundreds of billions of dollars) is consumed by supporting legacy systems, some of which are over 50 years old [10].

Technical debt is the "dark matter" of corporate IT [11]. Leadership, lacking technical expertise, often fails to realize its scale until it paralyzes the business. TD makes every new initiative exponentially more expensive and slower. Attempting to implement a modern AI tool on top of a 20-year-old database is like trying to construct a modern skyscraper on a compromised foundation. The result is not acceleration, but the destruction of the structure.

#### 1.1.2. Organizational Debt (OD)

If technical debt is a resource drag, then organizational debt (OD) is procedural and structural paralysis. This concept, less explored but no less important, is the second pillar of Digital Atrophy [12].



Academic research [12] defines OD as "the accumulation of outdated structures, policies, and processes that hinder the development and adaptability of the organization."

Key reasons for OD accumulation include [12]:

1. Short-term decision-making: Prioritizing immediate tactical gains over long-term strategic sustainability.
2. Rigid hierarchies and Silos: Organizational structures that impede cross-functional collaboration and information flow.
3. Ineffective coordination: The absence of aligned mechanisms for knowledge sharing and joint work.

Key consequences of OD [12]:

1. Reduced innovation and agility: Outdated policies suppress creativity and prevent the organization from adapting.
2. Reduced productivity: Suboptimal processes and bureaucracy lead to redundancy and inefficiency.

Digital Atrophy thrives at the intersection of TD and OD. An organization might have a perfect, modern IT architecture (zero TD), but if its procurement process (OD) requires 9 months and 15 signatures to approve a new license, it will still be non-competitive. OD is the organizational "sclerosis" that blocks the execution of digital strategies.

### 1.1.3. The Technology Maturity Curve (Gartner Hype Cycle)

If TD and OD are static "diseases" of the organization, the "Gartner Hype Cycle" acts as a dynamic catalyst that provokes a crisis [13].

This well-known model [13] describes the perceptual life cycle of a new technology:

1. Technology Trigger: The innovation appears.
2. Peak of Inflated Expectations: A wave of "hype," active media coverage, and success stories from early adopters.
3. Trough of Disillusionment: The technology fails to meet inflated expectations, projects fail, and interest wanes.
4. Slope of Enlightenment: Understanding of the technology's real benefits and limitations emerges, and best practices are formed.
5. Plateau of Productivity: Mainstream adoption occurs; benefits become obvious and measurable.

Digital Atrophy is triggered by managerial decisions made at the "Peak of Inflated Expectations" [14]. Leadership, fearing missing out on the next silver bullet (be it blockchain, the metaverse, or generative AI), initiates large-scale investments.

According to Gartner data for 2025, technologies such as "AI agents" and "AI-ready data" are precisely at this peak [14]. This provokes organizations with high TD (fragile legacy systems) and high OD (rigid silos) to immediately "implement AI."

### 1.1.4. Synthesis of Prerequisites

None of these concepts alone explains Digital Atrophy. The phenomenon arises at their synergistic intersection. The following conceptual formula can be derived:

$$\text{Digital Atrophy} = (\text{Technical Debt} + \text{Organizational Debt}) \times \text{Hype Pressure}$$

1. TD consumes the resources (budget and time) necessary for quality changes [9].
2. OD destroys the processes (agility and coordination) necessary to implement changes [12].
3. The Hype Cycle sets the pace and pressure (e.g., "implement GenAI by the end of the quarter") that an atrophied organization cannot withstand [14].

An organization with high TD and OD attempting to implement a hyped technology is guaranteed to fail. The technology is not absorbed by the system but is rejected by its "organizational immune system." This failed attempt,

in turn, increases TD (creating another isolated system that requires support) and increases OD (creating new workarounds and bureaucratic barriers), thereby exacerbating atrophy in a vicious cycle.

For a clear differentiation of the two fundamental "debts," a comparative analysis is provided below (Table 1).

**Table 1.** Comparative analysis of Technical (TD) and Organizational (OD) debt as prerequisites for Digital Atrophy [3, 7, 9, 11, 12, 15]

Criterion	Technical Debt (TD)	Organizational Debt (OD)
Definition	The implied cost of future software rework due to choosing "easy" or fast solutions instead of optimal ones.	The accumulation of outdated structures, policies, processes, and cultural norms impedes flexibility and adaptability.
Primary Domain	Technology, code, architecture, IT infrastructure.	Organizational structure, processes, management, culture, and human capital.
Manifestations	Legacy code (e.g., COBOL), monolithic architectures, fragile integrations, lack of documentation, and poor testing practices.	Rigid hierarchies, bureaucracy, silos, inefficient processes (e.g., lengthy budgeting), and unclear lines of responsibility.
Symptoms	High Total Cost of Ownership (TCO); >60-80% of IT budget on support; slow deployment; frequent system failures.	Slow decision-making; Scaling Failure; low time-to-market; duplication of functions; resistance to change.
Impact on atrophy	"Ballast": Consumes financial and human resources needed for innovation. Makes integrating new technologies impossible or excessively expensive.	"Sclerosis": Blocks the execution and scaling of initiatives. The technology may be perfect, but the organizational structure rejects or distorts it.

## 1.2. Economic Consequences of Digital Atrophy

Assessing the economic consequences of Digital Atrophy is complicated by its "masked" nature. Unlike a project failure, which has a clear accounting of losses, atrophy is a chronic value leak. Nevertheless, its cost can and must be quantified through an analysis of direct and indirect losses.

### 1.2.1. Direct Losses: ROI Forfeiture and Inefficient Expenditures

A macroeconomic assessment provides an idea of the problem's scale: global losses from failed DX initiatives are estimated at \$2.3 trillion [5]. These are direct losses related to investments that did not yield the expected return.

At the firm level, traditional ROI (Return on Investment) models often prove inadequate for evaluating innovations, as they are associated with high uncertainty [16]. However, it is possible to measure not the ROI of the technology itself, but the economic effect of the organizational capacity (or incapacity) to implement it.

A key study [3] provides a clear model for calculating losses from atrophy (which we directly link to high OD and poor change management):

- Organizations with effective change management (low atrophy) achieve, on average, 143% of the expected project ROI.
- Organizations with weak change management (high atrophy) achieve only 35% of the expected ROI.

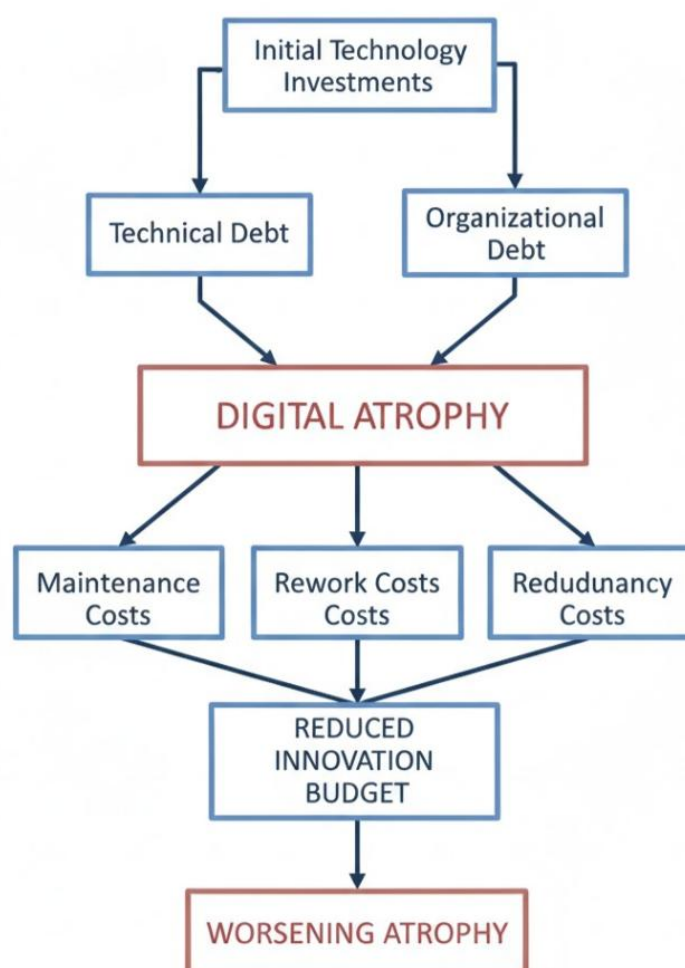
The gap of 108 percentage points (143% vs. 35%) is the direct, measurable economic damage from organizational and cultural atrophy. For a project with an expected ROI of \$10 million, an atrophied organization does not simply miss out on \$10 million; it receives only \$3.5 million, while a "healthy" organization receives \$14.3 million. The difference of \$10.8 million is the price of the atrophy for this project.

### 1.2.2. Indirect Losses: Growth in Total Cost of Ownership (TCO) and Opportunity Costs

The most insidious losses from atrophy lie in the area of indirect costs, primarily the uncontrolled growth of the Total Cost of Ownership (TCO). Digital Atrophy, fueled by technical and organizational debt, inflates TCO in several ways:

1. Direct Maintenance Costs: As noted, up to 80% of the IT budget goes to O&M [9]. These funds do not just fail to generate new value—they are a "tax" on past failed decisions.
2. Costs of "Firefighting" and Rework: TD "mushrooms," increasing TCO [11]. Every attempt to add a new feature requires disproportionate effort in QA testing, rewriting code, and fixing errors in the fragile system [11].
3. Redundancy and Duplication: Organizational silos, part of OD, lead to direct financial losses. According to Gartner, up to 25% of organizational spending on software is wasted on unused or duplicate licenses. The marketing department and the sales department buy two different CRM tools, neither of which is integrated with the back office. TCO doubles, and efficiency plummets.

**A visual model of TCO escalation under the influence of atrophy is presented in Diagram 1.**



**Diagram 1.** Model of Total Cost of Ownership (TCO) Escalation under the Influence of Digital Atrophy [9, 11, 12, 15]

### 1.2.3. Impact on Market Capitalization and Competitiveness

The most serious, though difficult to measure, consequence of atrophy is the erosion of long-term competitiveness and, as a result, market capitalization.

The true price of atrophy is not the money spent on a failed AI pilot. The true price is the opportunity cost of 80% of the IT budget that could not be spent on innovation because it was locked into supporting legacy systems [9].

This "atrophy tax" directly impacts a key indicator of competitiveness: Time-to-Market.

- Studies [9] show that high TD (a symptom of atrophy) creates a 30–48 week lag in time-to-market for new products or services.
- Importantly, this gap compounds annually.

While an atrophied organization spends a year integrating a new payment gateway with its 30-year-old mainframe, an agile competitor (with low TD and OD) launches three new products in that time and captures market share. A failed, atrophied digital transformation has a direct negative impact on the firm's market capitalization and long-term survival [17].

### 1.3. Definition and Classification of Digital Atrophy

Based on the analysis of theoretical prerequisites (Section 1.1) and economic consequences (Section 1.2), this monograph formulates the following comprehensive scientific definition:

Digital Atrophy is a systemic organizational state characterized by the progressive erosion of executional (operational) capability and the stagnation of total factor productivity, despite sustained, high investments in digital technologies.

It is a paradoxical state of technological "busyness" but strategic "stagnation," arising from the synergistic accumulation of unresolved technical debt (TD) and organizational debt (OD).

This state often remains undiagnosed, as it is masked by the pursuit of technological "hype" (Hype Cycle) and the use of activity-based "vanity metrics" (e.g., "number of pilots," "budget spent") instead of measurable outcome-based metrics (e.g., ROI, time-to-market).

To make this definition a practically applicable diagnostic tool, it is necessary to classify the types of atrophy based on dominant symptoms. Although in reality these types are closely intertwined, separating them allows for a targeted diagnosis of the pathology's root causes (Table 2).

**Table 2.** Classification and Symptomatology of Digital Atrophy [9, 11, 15]

Type of Atrophy	Definition (Dominant Pathology)	Key Symptoms
1. Technological Atrophy	Dominated by high Technical Debt (TD). Architectural and infrastructural inability to change.	Budget paralysis: >60-80% of IT budget spent on support and O&M of legacy systems. Fragile integrations: Every new system requires costly, slow, and unreliable "crutches" to connect to the old core. Low deployment velocity: Simple changes take months due to complexity and risk.
2. Operational Atrophy	Dominated by high Organizational Debt (OD). Structural and procedural inability to execute.	Scaling Failure: Technologies are successfully tested in the "lab" but cannot be scaled due to process barriers or lack of ownership. Silos: Departments create duplicate systems. Manual "Workarounds": Employees are forced to manually transfer data between new "digital"

		tools because processes are not integrated.
3. Cultural Atrophy	Dominated by resistance to change and communication gaps. Inability to adapt at the human capital level.	Active and passive resistance: Employees sabotage or ignore new tools, deeming them useless. "Change Fatigue": Cynicism and apathy among leadership and staff due to a lack of visible wins. "If it ain't broke, don't fix it" mentality: Defending obsolete but familiar work methods.
4. Strategic Atrophy	A disconnect between DX initiatives and business value. Inability to link technological activity to the P&L.	"Innovation Theater": Creation of "Innovation Labs" detached from the core business and its P&L. "Hype-chasing": Investing in technologies (e.g., AI) without a clear business case, "because everyone is doing it." Lack of a Value Realization Plan: A project is considered "complete" after the technical go-live, not after achieving business KPIs.

This classification forms the basis for the diagnostic methodology presented in Chapter 3.

#### 1.4. Factors Aggravating Atrophy: The Role of Hype and Weak Infrastructure

Digital Atrophy is not a static state, but a degenerative process. It is aggravated by two key factors: organizational silos and the uncritical implementation of hyped technologies onto an unprepared infrastructure.

##### 1.4.1. Organizational Silos

Organizational silos are one of the main manifestations and, simultaneously, drivers of organizational debt (OD) [12]. Research [18] shows that traditional "silos" and hierarchies hinder flexibility, speed, and "cross-functional work.

Silos aggravate atrophy by creating systemic redundancy and operational instability [15]:

- Duplication of effort: Marketing buys one MarTech platform, IT buys another.
- Incompatible systems and data: Customer data in CRM (Sales) contradicts data in ERP (Finance).
- Communication breakdowns: Decisions are made in isolation, leading to suboptimal outcomes for the entire organization.

In the context of TCO (Section 1.2), silos lead directly to financial losses through the purchase of duplicate licenses (up to 25% of the software budget lost) and the creation of unsolvable data integration problems.

##### 1.4.2. Case Study: AI Implementation on an Unprepared Infrastructure as a Catalyst for Operational Instability

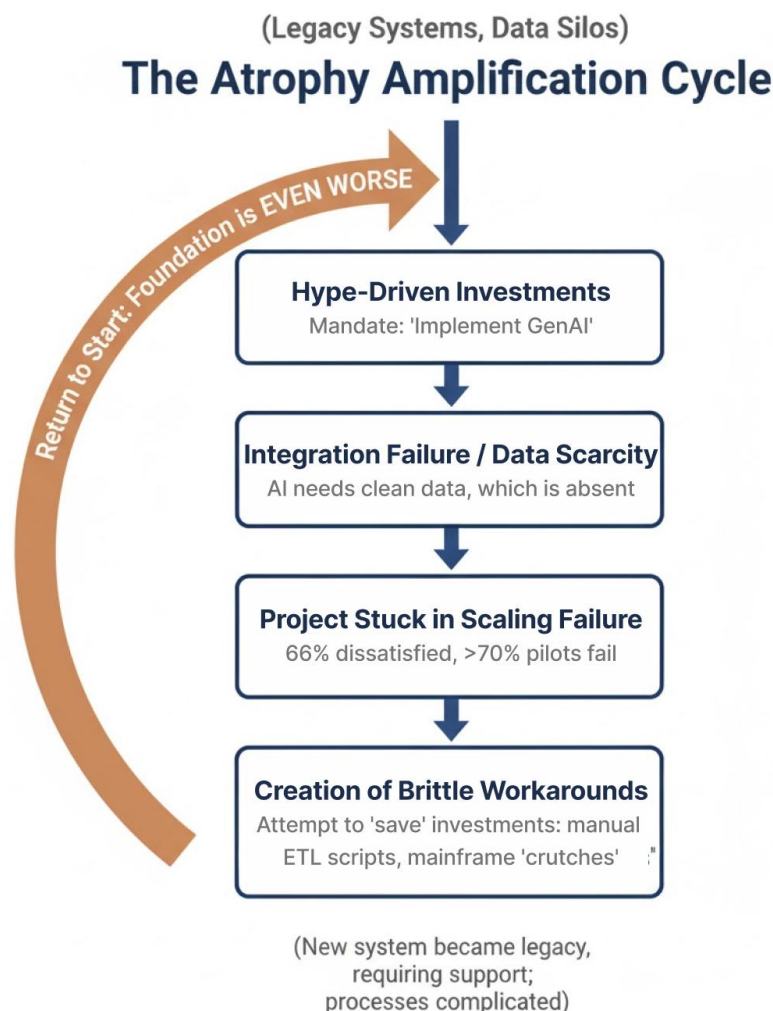
The thesis of this section (1.4) is that new technologies, when implemented on top of a "rotten" foundation, do not solve, but rather exacerbate, problems. The implementation of AI in 2023-2025 is the quintessence of this phenomenon.

1. The Hype: Leadership, at the "Peak of Inflated Expectations", demands immediate results from AI. Nearly 85% of top executives plan to increase AI spending.
2. The "Rotten Foundation": These investments land in an organization with high TD (obsolete systems) and high OD (siloes, low-quality data in departmental silos [15]).
3. The Collision: The result is "Scaling Failure." Quantitative data confirms the scale of this problem. Various studies show that 70% to 90% of corporate AI pilot projects *never* reach full production deployment. A McKinsey report found that 84% of companies were stuck in pilot mode for over 1 year. Other reports from 2025 confirm this: 66% of manufacturing companies remain "stuck" in pilot mode, and some sources indicate 88% of AI pilots never reach wide deployment. Furthermore, 66% of senior executives are "dissatisfied" or "ambivalent" about their progress in AI.



A perfect example is the case of Ford and its pilot project for predictive maintenance using AI. Technically, the pilot was promising. However, two years later, it "remained on the shelf." The reason? Not a technical failure, but organizational atrophy: "problems with integration with dealer systems and workflows". The technology worked, but the organization (its processes and infrastructure) did not.

This case illustrates "The Atrophy Amplification Cycle." When an atrophied organization attempts to implement AI, the following occurs (Diagram 2):



**Diagram 2.** The Atrophy Amplification Cycle [11, 14, 15, 19]

As seen in the diagram, the attempt to "leapfrog" atrophy using a hyped technology leads to the opposite result. Instead of solving the problem, the organization builds another expensive, fragile "bridge" (workaround) over it. This increases complexity, builds technical debt, and exacerbates the support burden [11]. The new AI tool does not eliminate silos; it merely adds another "silo," making the foundation even more "rotten" and accelerating the organization's degeneration.

### 1.5. Development of the Research Hypothesis

The theoretical analysis conducted in Chapter 1 allows for the formulation of this monograph's central hypothesis (H1).

The analysis has shown that:

- The problem of 70% DX failure lies not with the technology, but the organization (Introduction [3]).
- The key barriers are accumulated Technical (TD) and Organizational (OD) debt (Section 1.1 [9, 12]).

- Attempts to "force" new technologies (AI) onto this foundation only aggravate atrophy (Section 1.4).
- Success correlates not with budget, but with "absorptive capacity" (Section 1.1 [8]) and effective change management (Section 1.2 [3]).

From this, it follows that the solution to atrophy lies not in the domain of technological choice, but in the domain of organizational construction.

Hypothesis (H1):

The implementation of the **Digital Atrophy Recovery Framework (DARF)**, a comprehensive managerial methodology, focused on diagnosing and purposefully strengthening executional discipline and organizational "absorptive capacity" (including the elimination of TD and OD), can reverse the process of Digital Atrophy.

Corollary to H1: Reversing atrophy will lead to a measurable increase in the return on investment (ROI) in technology initiatives, expressed as:

- A reduction in Total Cost of Ownership (TCO) by reducing the budget for legacy support.
- A reduction in the "pilot-to-product" cycle (time-to-market).
- An increase in the success rate of scaling technology projects.

This hypothesis justifies the need to develop the methodology (Chapter 3), which shifts the emphasis from purchasing technology to building an organization capable of absorbing it. Before proceeding to the development of this methodology, it is necessary to empirically prove the reality and universality of the atrophy phenomenon using examples from various industries.

## CHAPTER 2. EMPIRICAL ANALYSIS OF DIGITAL ATROPHY MANIFESTATIONS IN VARIOUS SECTORS

The theoretical concepts outlined in Chapter 1 find their full confirmation in the empirical analysis of digitalization practices in key economic sectors. Despite industry-specific nuances, the fundamental mechanisms of Digital Atrophy—the collision of new initiatives with a "rotten foundation" (high TD) and "organizational sclerosis" (high OD)—remain universal.

### 2.1. The Public Sector as an Extreme Form of Atrophy

The Public Sector often represents a "worst-case scenario" for Digital Atrophy, where all aggravating factors converge at a single point.

Atrophy in the public sector begins with an extreme level of technical debt. As mentioned, up to 80% of US federal agency IT budgets (O&M) are spent supporting systems whose age often exceeds 50 years. These systems, written in languages like COBOL for which the talent pool is nearly exhausted, represent a technological ballast blocking all innovation [10].

Superimposed on this technological debt is a severe organizational debt. Academic studies [20, 21] identify two groups of barriers:

1. Structural barriers: "Obsolete legacy systems," "insufficient funding" (especially for "soft" assets like training compared to "hard" assets), "rigid, siloed structures," and a "shortage of digital skills among staff" [20, 21].
2. Cultural barriers: "Bureaucracy," "resistance to change," a "culture of secrecy," and, critically, "frequent leadership changes" that make long-term reforms impossible [20, 21].

A study [20] of digital transformation in Haiti's public sector demonstrates a total collapse caused by these factors:

- The "One-Stop Shop" system: Ceased functioning a few months after launch.
- The Revenue Management System (RMS) has shown "minimal progress" since 2016 and operates in only a few offices.
- The Microsoft Azure project: Failed due to "governance issues" and a total "dependence on donors."

If the Haiti case is an example of paralysis, the Australian "Robodebt" program [22] is an example of how an atrophied organization actively causes harm by using AI.

If the Haiti case is an example of paralysis, the Australian "Robodebt" program is an example of how an atrophied organization, using AI, actively causes harm. The implemented AI-based system for automatically recovering "debts" for social benefits was built on a foundation of "data quality problems," "organizational blindness," and a "lack of human oversight". The AI did not "fix" the bad data. On the contrary, it scaled and legitimized the errors within it, automatically sending illegal demands to thousands of citizens. This is a perfect demonstration of the thesis from Section 1.4: AI, when applied to a "rotten" operational foundation, acts as a "catalyst for operational instability," amplifying existing pathologies to a catastrophic level and leading to a complete failure of government functions [22].

Perhaps the most illustrative example of atrophy in the public sector is the UK's National Programme for IT (NPfIT) in the NHS. Launched in 2002, it was dubbed the world's largest civilian IT project, with costs ultimately exceeding £10 billion.

The program was dismantled after failing to deliver its core objectives. Analysis of the failure points directly to classic atrophy symptoms, revealing a complete disregard for organizational reality:

- Cultural Atrophy: The project was driven top-down, with a severe "lack of engagement with frontline staff" (doctors and nurses) in the system's design. This led to massive resistance and refusal to use the systems.
- Operational Atrophy: The sheer scale of the project was underestimated, and it lacked a "phased change management approach", making integration of disparate systems impossible.
- Strategic Atrophy: Constant changes in leadership and shifting political priorities led to a loss of focus and

an inability to manage complex supplier relationships.

The NPfIT failure is a textbook case of colossal technology investment failing due to a complete lack of organizational and cultural readiness (Pillars 2 and 3).

## **2.2. Industry and Manufacturing: The Gap Between the "Industry 4.0" Concept and the Real Level of Implementation**

In the manufacturing sector, Digital Atrophy manifests as a deep divide between the ambitious concept of "Industry 4.0" (I4.0) and the actual state of affairs in enterprises.

Academic reviews [23] state that, despite the exponential growth in the number of publications, "evidence of Industry 4.0 implementation in practice is still rare." Research [24] confirms that "I4.0 is still an immature topic," and its application is "not just a question of technology," but also of organizational and managerial aspects.

An analysis of barriers [25] shows why this gap exists:

1. Economic barriers (Strategic Atrophy): Barrier #1 is the "Requirement of high initial investments"; Barrier #2 is the "Uncertainty of return on investment." Management sees no clear link between expensive IoT sensors and the P&L, which blocks investment.
2. Human barriers (Cultural Atrophy): A critical barrier is the "Availability of skilled labor" [25]. Implementing I4.0 requires "employee training and change management" [26], but organizations are not prepared for this.
3. Inertia (Operational Atrophy): Implementation is often "limited by residual management practices dependent on 'human interaction'" [27]. The workflows and culture of the shop floor resist digitalization.

In industry, atrophy takes the form of "islands of automation." A factory may invest in one modern robotic complex (a successful "pilot"), but this robot is not integrated with the obsolete manufacturing execution system (MES) or with siloed supply chain data (Silos).

Unlike in other sectors, technological debt in manufacturing is not only software-based but also physical—it is the massive, expensive "hardware" (machinery, conveyors) with a service life measured in decades. The high capital cost of replacing this "rotten foundation" makes TD in industry uniquely difficult to overcome and exacerbates operational inertia [25, 27].

The failure of General Electric's Predix platform is one of the most striking examples of atrophy in the private industrial sector. GE, with a century of engineering expertise, invested billions of dollars to build Predix—a cloud-based platform for the "Industrial Internet of Things" (IIoT)—aiming to become the leading "digital industrial company."

By 2018, the initiative had effectively failed, leading to multi-billion dollar write-downs and the sale of GE's digital assets. The reasons for the failure were not technological; they were purely organizational:

- Operational Atrophy (Execution Gap): GE faced significant "technical and scalability challenges" not with the platform itself, but with its integration across its vast global business operations.
- Strategic & Cultural Atrophy: The initiative was overly ambitious and applied too broadly. GE's entrenched culture, which historically rewarded "risk aversion", and its powerful business-unit silos resisted the adoption of a single, unified platform, making integration impossible.

GE Predix demonstrates that even with nearly limitless resources and technological vision, accumulated organizational debt and an inability to integrate (Pillars 2 and 3) can completely derail a digital initiative.

## **2.3. The Financial Sector and Retail: The Problem of "Innovation Labs" Detached from Core Operations**

In the financial sector and retail, where pressure from agile FinTech and e-commerce startups is at its maximum, atrophy takes the form of "innovation theater."

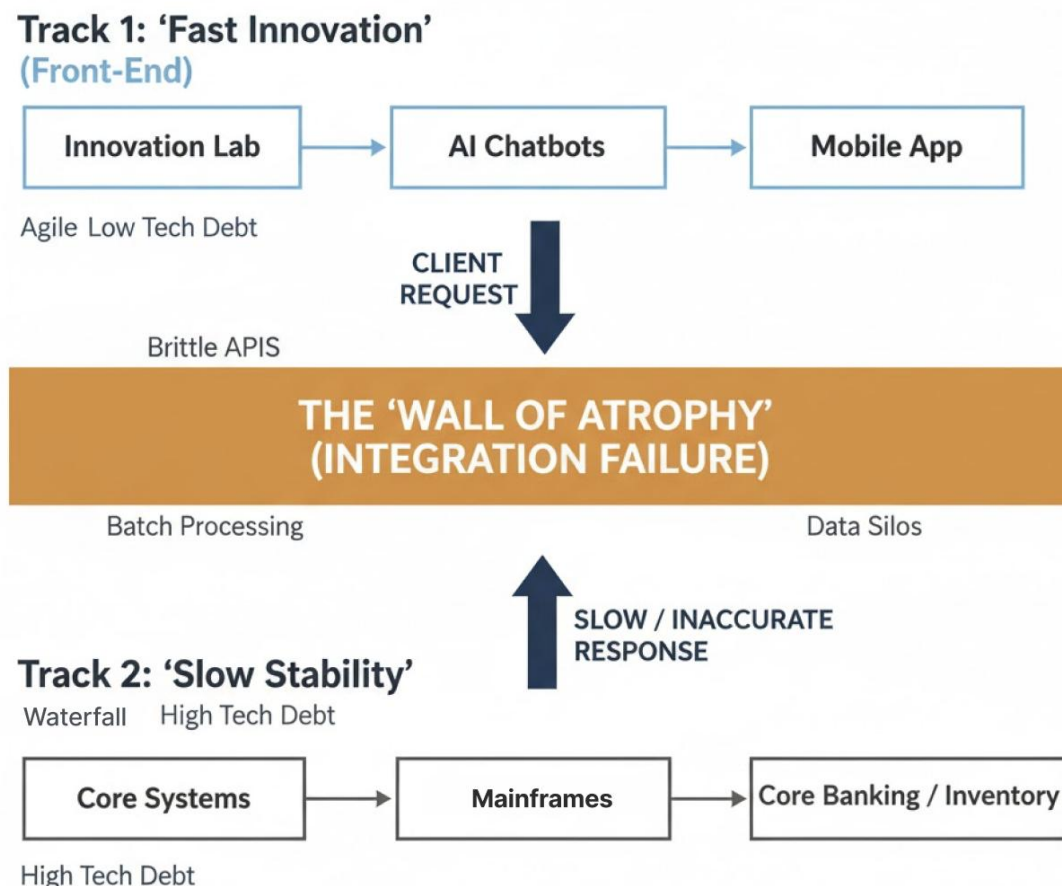
Large banks, insurance companies, and retailers, burdened by decades of TD (mainframes) and OD (compliance, bureaucracy), choose the path of least resistance. They create "Innovation Labs" [28]. These "labs" are described as "playgrounds for innovation" in a "safe environment where failure is a step forward" [28].

The problem is that this "safe environment" [28] is completely detached from the operational core of the business.

- In finance: The "lab" develops AI chatbots [29] and mobile apps, while the core (transactions, accounts) continues to run on 40-year-old mainframes [19], with which integration is extremely difficult.
- In retail: A classic example is retailers who "invested in digital apps... but failed to unify inventory data... They went online but didn't fix the back-end."

Creating a "lab" [28] is not a solution to atrophy; it is its institutionalization. It is a managerial choice to accept the atrophy of the core and avoid the difficult, expensive, and risky work of modernizing it (eliminating TD and OD).

This creates a fatal "two-speed IT architecture" (Diagram 3).



**Diagram 3.** "Two-Speed" IT as a Source of Atrophy in the Financial Sector and Retail [15, 19, 28, 29]

The failure occurs at the point of integration. A customer, using the "innovative" app (Track 1), tries to check an account balance or product availability. The app queries the "mainframe" (Track 2). The integration is fragile; the data is not current. The customer sees "In Stock" in the app, but the product is not in the warehouse.

The result: The "innovation" [28] worsened the customer experience, rather than improving it. The organization spent millions on "theater," while its operational core continues to atrophy.

#### 2.4. Healthcare and Education: Examples of Costly Implementations (EHR, LMS) That Fail to Produce Qualitative Change

In "human-centric" sectors like healthcare and education, atrophy is caused less by technological debt and more by cultural and operational debt—"workflow rejection."

Investments in these sectors are enormous. Healthcare is seeing an "accelerating trend" of modernizing Electronic Health Records (EHR) [30]. In education, universities are implementing expensive Learning Management Systems (LMS). However, these projects often fail due to two barriers:



1. Cultural resistance: Highly skilled professionals (doctors, professors) with established practices resist new tools that, in their view, impose inefficient processes on them [7].
2. Integration complexity: Not of technical systems, but of the "seamless operation of multiple systems" within the workflow [30].

The "Workflow Rejection" Mechanism:

1. The organization (hospital, university) invests millions in a new system (EHR or LMS).
2. The system requires a new, structured workflow (e.g., detailed data entry by the doctor during an appointment or the creation of interactive courses by the professor).
3. The organizational culture and processes (OD) remain in the old workflow (handwritten notes on paper, lectures with PDF presentations).
4. Rejection occurs. The doctor starts using the expensive EHR system as a simple "typewriter," entering minimal unstructured text. The professor uploads a scan of their 20-year-old syllabus into the interactive LMS.
5. Result: The technology is implemented (adoption) and the budget is spent. But it is not absorbed (absorption). The quality of services (medical care or education) has not changed. This is classic Digital Atrophy: high costs, zero returns.

## 2.5. Generalized Conclusions and Development of a Rapid Diagnostic Tool

The empirical analysis of these four industry blocks proves that Digital Atrophy is a universal phenomenon. Although the symptoms differ (COBOL in the public sector, mainframes in banks, cultural resistance in medicine), the root cause is identical: the organization's inability to eliminate fundamental technical (TD) and structural (OD) debt before or during the implementation of new technologies.

The analysis allows for the identification of universal "markers" of atrophy that serve as red flags for leadership. Table 3 presents a summary matrix of these markers.

**Table 3.** Summary Matrix of Universal "Markers" of Atrophy by Sector [10, 19, 20]

Universal Atrophy Marker	Public Sector	Industry (I4.0)	Finance / Retail	Healthcare / Education
1. "Rotten Foundation"( High TD)	Extreme O&M budget (>80%); COBOL systems.	Obsolete physical equipment(machinery); non-integrated MES.	Obsolete mainframes; non-integrated core (Core Banking).	Legacy EHR / LMS systems; lack of data standards.
2. Scaling Failure	Project failures (Haiti case); "Robodebt" as a scaling failure.	"Islands of automation"; I4.0 pilot projects that never left the shop floor.	"Innovation labs" detached from the P&L; projects never leave the "sandbox."	Local IT solutions (e.g., in one department) are not integrated with the hospital.
3. Cultural / Operational Resistance (High OD)	Bureaucracy; "culture of secrecy"; frequent leadership	Inertia of shop-floor management; "human factor" resistance.	Rigid compliance processes; Silosbetween departments (e.g., Marketing and IT).	"Workflow rejection" by doctors and professors: defense of

	changes.			autonomy.
4. Skills and Talent Deficit	Shortage of digital skills; "aging" of COBOL programmers.	Shortage of "skilled labor" for I4.0; weak data analysis skills.	Deficit of talent for mainframe modernization; competition for AI talent.	Insufficient staff training on the new EHR/LMS.

The existence of universal markers allows for a transition from theoretical description to practical diagnosis. The plan for this study (Section 2.5) requires the creation of a questionnaire for organizational self-assessment.

Analytical reports confirm the value of such instruments, calling them a "digital transformation readiness assessment" or a "diagnostic tool." The structure of such a tool should, accordingly, cover three areas:

1. Defining clear objectives (Strategy).
2. Assessing the business (Processes, People, Skills).
3. Assessing existing capabilities (Technology, Infrastructure, Data).

Synthesizing this proven approach with the classification developed in Chapter 1 (Table 2), the following questionnaire is proposed—the "Litmus Test for Atrophy." This tool allows leadership to quickly assess the level of atrophy risk in their organization by answering questions that stem directly from the empirical data analyzed in this chapter.

**Table 4.** "Litmus Test for Atrophy" Questionnaire (Rapid Diagnostic for Executives) [9, 28, 30]

Indicator	Statement	Score (1-5)*
<b>Section 1: Strategic Atrophy (The Gap Between Activity and Value)</b>		
1.1.	Our digital transformation projects are often launched because of "hype" or "market pressure," rather than a clearly calculated link to the P&L.	
1.2.	We have an "innovation lab" or R&D unit, but its projects are rarely integrated into the core business or impact revenue.	
1.3.	We often discuss technology implementation (e.g., "we are implementing AI"), but rarely discuss value realization from it (e.g., "AI saved \$X million").	
<b>Average Score for Strategic Atrophy:</b>		
<b>Section 2: Technological Atrophy (The "Rotten Foundation")</b>		
2.1.	More than 50% of our IT budget goes to support, bug fixes, and "firefighting" in old (legacy) systems.	
2.2.	Integrating new software (e.g., CRM, AI, or analytics) with our core systems (e.g., ERP, mainframe) is always a slow, expensive, and painful process.	
2.3.	Our IT teams spend more time keeping the old systems running than developing new ones.	

Average Score for Technological Atrophy:		
Section 3: Operational Atrophy ("Organizational Sclerosis")		
3.1.	We have many "pilot projects" that show good results in isolation but get "stuck" and do not scale to the entire company (Scaling Failure).	
3.2.	Different departments (e.g., Marketing and IT) often buy technological tools that are duplicative or incompatible with each other.	
3.3.	To make our "digital" systems work, employees have to perform many manual operations (e.g., exporting data from one system and importing it into another).	
Average Score for Operational Atrophy:		
Section 4: Cultural Atrophy (Resistance and Fatigue)		
4.1.	Employees often resist new digital tools and find "workarounds" to continue working in the old way.	
4.2.	Leadership and staff are "fatigued by transformation" and see no real returns from the constant changes, leading to cynicism and apathy.	
4.3.	The implementation of new tools (like EHR or LMS) has not led to a noticeable change in the quality of our core services or products.	
Average Score for Cultural Atrophy:		

*\*Instructions: Rate how much you agree with the following statements about your organization on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree). An average score of > 3 in any section indicates a high risk of atrophy.*

Having completed the Introduction, the theoretical grounding (Chapter 1), and the empirical proof (Chapter 2), this monograph has established the reality, nature, and measurability of the Digital Atrophy phenomenon. The questionnaire (Table 4) serves as a bridge to the next part of the research. It leaves leadership with a diagnosis that requires treatment. The following chapters (Chapter 3 and Chapter 4) will be dedicated to the development and practical application of a methodology aimed at treating this systemic illness.

## CHAPTER 3. DEVELOPMENT OF THE DIGITAL ATROPHY RECOVERY FRAMEWORK (DARF) FOR THE DIAGNOSIS AND RESOLUTION OF DIGITAL ATROPHY

### 3.1. Conceptual Model of the Methodology

The analysis conducted in the preceding chapters compellingly demonstrates that the dominant cause of the "productivity paradox" and the escalation of Digital Atrophy is not a deficit of technological innovations or a lack of investment. On the contrary, as numerous studies show, up to 70% of digital transformation (DX) initiatives fail, not achieving their stated goals. The overwhelming majority of failures (up to 70%) are related not to the technology itself, but to organizational and cultural factors—that is, to personnel resistance and fundamental flaws in change management processes.

This statistic reveals a critical execution gap: organizations demonstrate high competence in implementation—procuring licenses, deploying servers, launching pilot projects—but prove to be systemically incapable of execution, that is, of extracting measurable business value from these technologies at an operational scale. Digital Atrophy, at its core, is the erosion of this very Execution Capability, masked by high but fruitless implementation activity.

In light of this, any methodology claiming to overcome atrophy must initiate a fundamental shift in managerial thinking: from managing implementation projects to managing Execution Capability.

The first approach (implementation) asks the question: "Was the system launched on time and within budget?" The second approach (execution) asks the question: "Is the system translating our investments into planned business outcomes in a predictable, scalable, and sustainable manner?"

Digital Atrophy thrives where leadership is satisfied with the answer to the first question while ignoring the second. Visually appealing dashboards and reports on the number of launched pilot projects are classic artifacts of an implementation-oriented culture. They create a dangerous illusion of progress while the organizational capabilities (or "muscles") responsible for real execution atrophy due to a lack of the right stressors, poor management, and accumulated organizational debt.

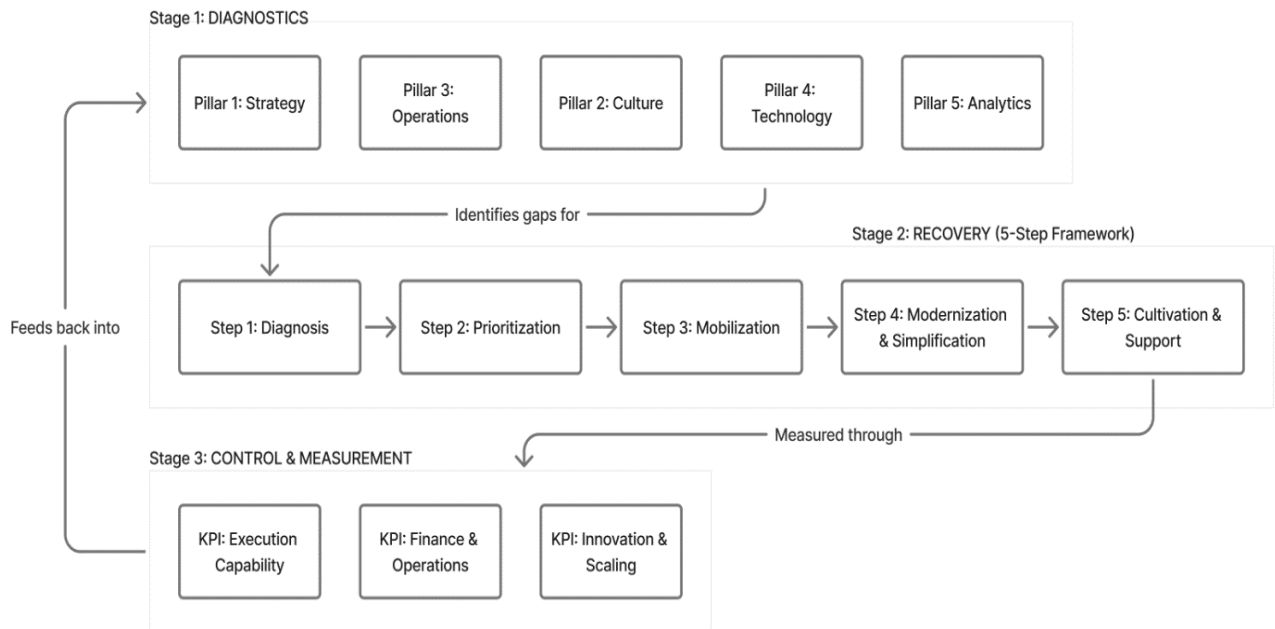
The Digital Atrophy Recovery Framework (DARF) proposed in this chapter is not another IT project management framework or maturity model. It is a holistic, diagnostically-oriented system designed to restore organizational viability and strengthen "digital musculature."

The conceptual model of the methodology (CMM) is based on two interconnected stages:

1. **Diagnosis:** A comprehensive assessment of the organization's state through the prism of the "Five Pillars of Readiness." This stage determines the degree and type of atrophy.
2. **Recovery:** A step-by-step program aimed not at implementing yet another technology, but at eliminating the identified fundamental gaps in Execution Capability.

The central concept of the methodology is "Execution Capability" (EC), which we define as: "the integrated, measurable ability of an organization to consistently and predictably translate strategic goals and technological investments into planned business outcomes, while absorbing change and continuously optimizing operational processes."

Visually, the entire proposed methodology can be represented as a closed loop, in which diagnosis determines treatment, and measurement of results adjusts subsequent diagnosis.



**Diagram 4.** The Digital Atrophy Recovery Framework (DARF): Integrated model (Diagnostics, Recovery, Control)

The task of the methodology is not to manage technologies, but to build and strengthen this capability.

### 3.2. Stage 1: Diagnosis Based on the "Five Pillars of Readiness"

Overcoming atrophy, as in clinical medicine, requires an accurate and multidimensional diagnosis. It is impossible to treat the "symptoms" (e.g., slow IT processes or a failed AI pilot) without understanding their etiology. The proposed diagnostic model is based on assessing the organization across five interconnected dimensions—The Five Pillars of Readiness.

These pillars—Strategic, Cultural, Operational, Technological, and Analytical Readiness—represent the load-bearing structure of Execution Capability. Atrophy is the consequence of a systemic failure when one or more of these pillars are unsound. A failure in any one of them cascades, undermining the effectiveness of the others.

#### 3.2.1. Strategic Readiness: Metrics and Criteria

The first pillar, Strategic Readiness, assesses not the existence of a "Digital Strategy" document, but the degree of clarity, cascade, and real alignment of strategic goals with operational actions and technological initiatives.

The importance of this pillar stems from the fact that Digital Atrophy often arises when IT initiatives become "orphans"—projects launched for the sake of the technology itself (e.g., due to hype around AI) but lacking a direct and clear link to key business objectives.

Two key tools are used to diagnose this alignment. First, the Balanced Scorecard (BSC), in the context of this methodology, is used not as a set of retrospective KPIs, but as a tool for translating strategy into action and measuring the readiness of intangible assets (including IT systems and organizational capabilities). The diagnosis checks how well IT projects are integrated into all four BSC perspectives (financial, customer, internal processes, and learning and growth) [31, 32]. Second, Hoshin Kanri (Policy Deployment), a strategic planning method, is used to diagnose vertical alignment (cascading). It allows for the assessment of how high-level strategic goals (e.g., "improve operational efficiency by 20%") are translated into specific, measurable tactical tasks for the IT department (e.g., "automate process X") and operational actions [33–35].

Based on these tools, assessment criteria are formed, including: a Strategic Alignment Index (a survey method or project portfolio audit determining the percentage of IT initiatives not directly linked to at least one goal in the BSC or Hoshin plan); an Executive Alignment Index (a C-level survey to assess understanding of and commitment to unified



digital priorities); and the Presence of Feedback Loops (an assessment of the regularity of Hoshin Kanri-style processes that ensure two-way communication between strategic and operational levels) [34].

Low readiness in this pillar, as a symptom of atrophy, manifests when leadership cannot clearly articulate how a specific IT project (e.g., AI implementation) contributes to a specific business goal. The IT budget is formed reactively, rather than based on strategic priorities.

### 3.2.2. Cultural Readiness: Assessment Using a Hybrid Model (OCAI/ADKAR)

The second pillar, Cultural Readiness, assesses the ability of the organizational culture and human capital to initiate, absorb, and sustain profound technological and process changes.

This pillar is critical because, as has been established, cultural resistance (especially from middle management) is the primary barrier responsible for the vast majority of DX failures [36]. Ignoring this pillar guarantees failure.

An adequate diagnosis of cultural readiness requires a hybrid approach, combining static and dynamic analysis. First, the Organizational Culture Assessment Instrument (OCAI), a model by Cameron and Quinn based on the Competing Values Framework, is a powerful tool for statistically mapping the cultural landscape [37, 38]. It diagnoses the organization's current ("As Is") and desired ("To Be") cultural profile according to four archetypes (See Table 5) [37].

**Table 5.** Characteristics of the Four Culture Types according to the OCAI Model (Cameron & Quinn) [37, 38]

Culture Type	Core Focus	Leadership	Driving Forces
Clan	People and Collaboration	Mentorship, Facilitation	Loyalty, teamwork, morale
Adhocracy	Innovation and Agility	Entrepreneurship, Vision	Creativity, risk, cutting-edge ideas
Market	Results and Competition	Hard-driving, Results-oriented	Market share, goal achievement, profitability
Hierarchy	Structure and Control	Coordination, Organization	Efficiency, reliability, and formal rules

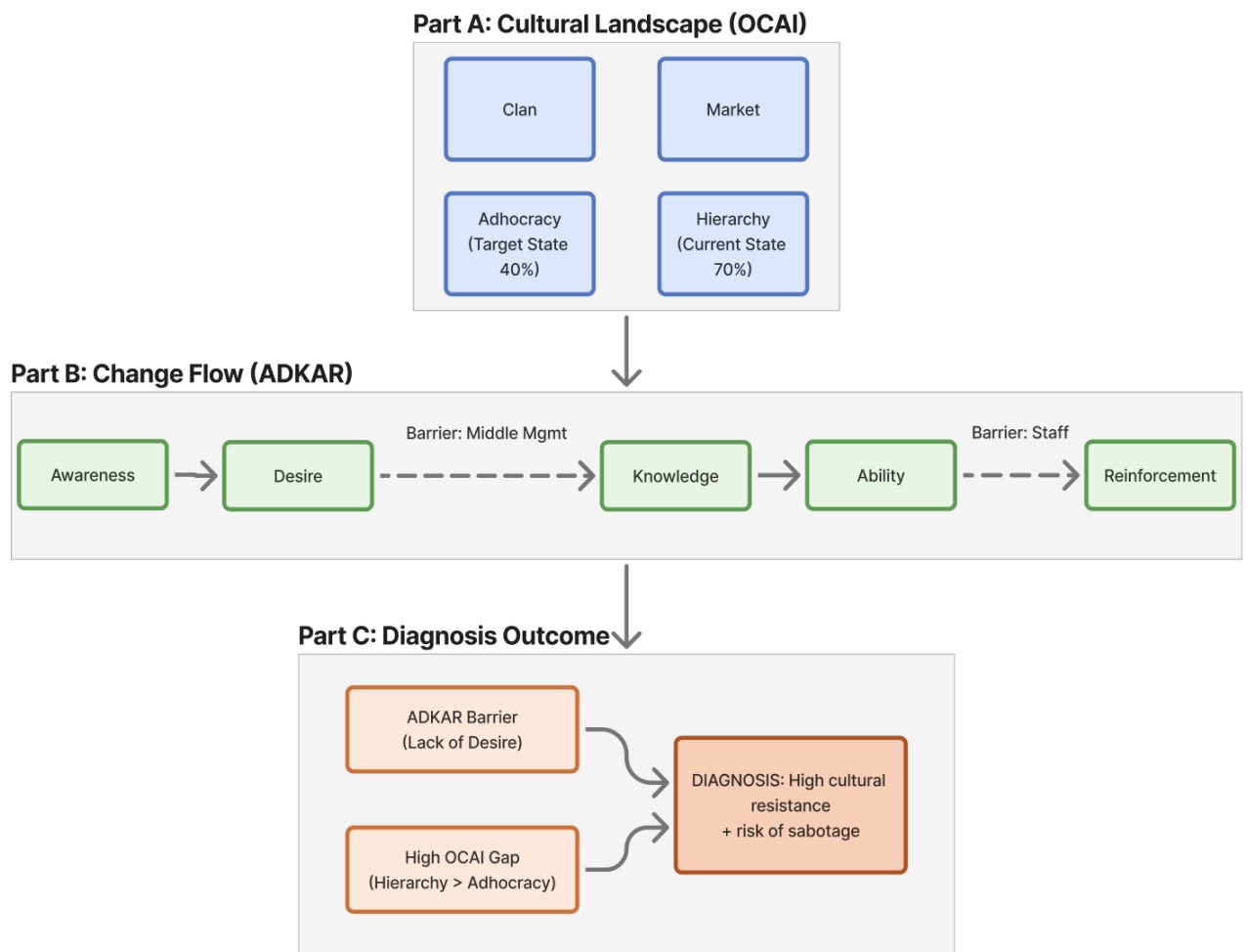
The OCAI model shows the landscape (e.g., the dominance of "Hierarchy") but does not explain why people in this landscape resist a specific change. For this, a dynamic analysis of individual readiness for change is necessary. The ADKAR model [39] is an ideal tool for identifying "barrier points" at the individual level [40].

ADKAR is an acronym for five sequential states necessary for successful change [39, 41]: Awareness (of the need for change); Desire (personal motivation and choice to support the change); Knowledge (understanding how to change); Ability (the skill to apply new skills and demonstrate new behaviors); and Reinforcement (mechanisms that sustain the change).

The assessment criteria combine both approaches:

- OCAI Gap Analysis: Calculation of the gap between the "current" and "desired" culture. (For example, DX often requires a shift from "Hierarchy" to "Adhocracy"). A large gap indicates a high risk of cultural rejection.
- ADKAR Assessment: Conducting a survey among key stakeholder groups (especially middle management) to identify the primary barrier point [36].
- Cultural Resistance Index: (A calculated metric). The ratio of "Hierarchy/Market" dominance in OCAI to low scores on 'D' (Desire) and 'A' (Ability) in ADKAR.

A symptom of low readiness (and, consequently, cultural atrophy) is a common scenario (illustrated in Diagram 5): a dominant hierarchical culture (OCAI) in which middle managers have Awareness (A) and Knowledge (K), but completely lack Desire (D) (as the new processes threaten their status or conflict with their KPIs) and Ability (A) (no time for training) [36].



**Diagram 5.** Hybrid Model of Cultural Diagnosis (OCAI + ADKAR) [39]

### 3.2.3. Operational Readiness: Audit of Process Maturity (BPMM) and Standardization

The third pillar, Operational Readiness, assesses the maturity, standardization, and effectiveness of the fundamental business processes upon which new technologies are to be layered.

This is one of the most ignored, yet critical, pillars, as Digital Atrophy is guaranteed when an organization attempts to implement advanced technologies (e.g., AI) on top of an unprepared foundation—chaotic, unstable, and undocumented processes. The technology, in this case, does not solve the problem but exacerbates it by adding a new layer of complexity on top of the existing operational instability.

To assess this "foundation," maturity models such as the Business Process Maturity Model (BPMM) or CMMI (Capability Maturity Model Integration) [42] are used, providing a structured scale for evaluation. An adapted BPMM model includes 5 levels:

- Level 1 (Initial / Chaotic) – processes are unpredictable, reactive, firefighting mode;
- Level 2 (Managed) – processes are characterized at the project level;
- Level 3 (Defined) – processes are standardized at the organizational level, documented;
- Level 4 (Quantitatively Managed) – processes are measured and controlled;
- Level 5 (Optimizing) – focus on continuous improvement.

The second tool is a Standardization Audit, assessing the existence and actual use of "Runbooks"—detailed instructions for performing operational tasks [43]. The absence of runbooks is a sign of a "hero" culture (Level 1 BPMM) and high organizational debt.

Accordingly, the assessment criteria include: BPMM Maturity Level (the average level for key end-to-end processes); Runbook Coverage Percentage (the percentage of critical operational tasks not covered by up-to-date Runbooks); and a "Shadow Work" Index (a survey-based estimate of time spent by employees on "hidden work"—manual workarounds, correcting data errors, duplicate entry).

A typical symptom of atrophy here is a situation where key processes are at Level 1 or 2 BPMM. The organization tries to implement AI-forecasting (requiring Level 4/5) on top of a chaotic Level 1 process. The project inevitably falls into "Scaling Failure," as the underlying system cannot provide the AI with high-quality, stable data.

### **3.2.4. Technological Readiness: Quantification (TCO and the "Technical Debt Balance Sheet")**

The fourth pillar, Technological Readiness, assesses not the quantity of new technologies, but the quality, modernity, flexibility, and total cost of the existing technological landscape.

Its importance stems from the fact that accumulated technical debt—legacy systems, complex architecture, low code quality—is a fundamental brake on execution. As noted, up to 60-80% of IT budgets in atrophied organizations are consumed not by innovation, but by "Keeping The Lights On" (KTLO) in inherited systems.

Diagnosing tech debt requires a shift from qualitative complaints to financial quantification. Key tools include Total Cost of Ownership (TCO) analysis—this is a comprehensive approach that accounts for all costs over a system's lifecycle [44], including direct and hidden costs, such as support personnel, training, and "shadow work" [45]. TCO analysis of legacy systems reveals the true scale of budget consumption.

A second, proactive tool is the "Tech Debt Balance Sheet." This approach, promoted by McKinsey [46], requires analyzing tech debt at the asset level, uses quantification models (such as TDQM) to assess not only the remediation cost but also the risk and business value of the asset [47, 48], and presents tech debt not as an IT problem, but as a financial liability, understandable to the CEO and CFO [46].

Metrics for this pillar include:

- TCO of Legacy Systems: Absolute value and % of the total IT budget.
- KTLO (Keeping the Lights On) Ratio: % of the IT budget spent on operations and maintenance (O&M) of legacy systems. (In atrophied organizations, 60-80%).
- Technical Debt Ratio (TDR): The ratio of the cost to remediate tech debt (Remediation Cost) to the cost of building the system from scratch (Rebuilding Cost).
- Brittleness Index: Number of incidents/failures per 1000 transactions in key legacy systems.

Low readiness manifests as a symptom when the KTLO Ratio > 60%. Leadership lacks a "Tech Debt Balance Sheet" and makes modernization decisions intuitively. New projects (Fintech, AI) are built as "workarounds" to the legacy core, which only increases the total tech debt.

### **3.2.5. Analytical Readiness: Determining Data Maturity (Based on Gartner Models)**

The fifth pillar, Analytical Readiness, assesses the organization's ability to systematically collect, govern, analyze, and, most importantly, use data to make strategic and operational decisions.

The significance of this pillar is that data is the key asset of a digital organization. However, one of the main symptoms of atrophy is "stagnation masked by beautiful dashboards." This signifies the presence of data but the absence of maturity to use it. The phenomenon of Scaling Failure is a direct consequence of data and analytics immaturity [49].

For diagnosis, the Gartner Data Governance Maturity Model is used, which classifies an organization by 5 levels of data governance maturity [50, 51]:

- Level 1 (Aware): The problem is recognized, but there is no action (no budget, no support).
- Level 2 (Reactive): Data governance occurs in "firefighting" mode (e.g., after a data breach). Data is in "silos."
- Level 3 (Proactive): Formalized policies and data stewards exist, but governance is applied to individual domains, not at an enterprise scale.
- Level 4 (Managed): A unified, end-to-end data governance program exists, driven by business goals.
- Level 5 (Optimized): Information is managed as a strategic asset, and processes are automated.
- Models from other analytical agencies, such as Deloitte, also outline similar maturity levels.
- A similar Gartner AI/Data Science Maturity Model also diagnoses the reason for pilot project stagnation [52]:
- Level 1 (Awareness): They know about AI but do not use it.
- Level 2 (Active): Using AI through prototypes and PoCs (Proof-of-Concepts).
- Level 3 (Operational): Have implemented ML into daily tasks, have a Data Science team.
- Level 4 (Systemic): Using ML for innovation and business model disruption.
- Level 5 (Transformational): ML is the core value proposition.

Criteria for assessing maturity include: Gartner Maturity Level (Data Governance) [51]; Gartner Maturity Level (AI/DS) [52]; Data-to-Decision Latency (average time from an event's occurrence to an informed decision being made); and Data Trust Index (a survey method, how much managers trust the data in the systems).

The symptom of atrophy at this level is a classic combination: "beautiful dashboards" (Level 2/3 on Data Governance) and Scaling Failure (Level 2 on AI/DS). The organization proactively collects data but uses it reactively and is incapable of operationalizing AI models.

Thus, the entire diagnosis stage (3.2) is consolidated into a single practical tool—the "Diagnostic Matrix" (Table 6), which is filled out by an audit task force and placed on the desk of senior leadership.

**Table 6.** Diagnostic Matrix: The Five Pillars of Readiness [2, 9]

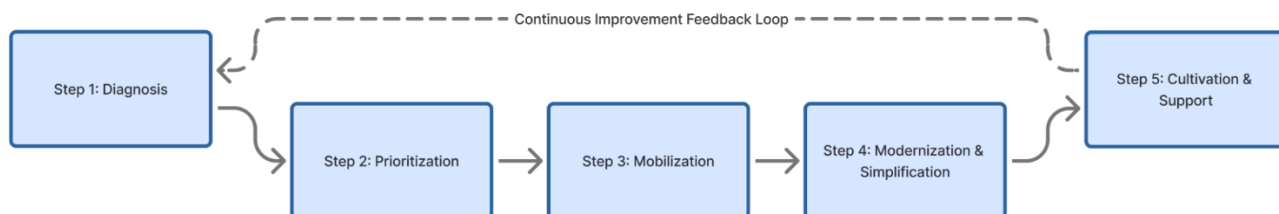
<b>Pillar of Readiness</b>	<b>Key Question</b>	<b>Core Metrics</b>	<b>Diagnostic Tools</b>	<b>Typical Symptom of Atrophy</b>
1. Strategic	Do our IT projects directly serve business goals?	Strategic Alignment Index, ROI	Balanced Scorecard, Hoshin Kanri	"Hype" projects (AI, blockchain) are detached from ROI.
2. Cultural	Is our culture ready for change, or does it sabotage it?	OCAI Gap Analysis, ADKAR Barrier Point 16	OCAI, ADKAR	Resistance from middle management, change fatigue.
3. Operational	Are our processes an "unprepared foundation" or a reliable base?	BPMM Maturity Level, % Runbook Coverage	BPMM, Runbook Audit	Implementing new systems on top of chaotic manual processes.

4. Technological	Is our IT budget investing in the future or being "burned" by the past?	KTLO Ratio, TCO, Tech Debt Balance Sheet	TCO Analysis, "Tech Debt Balance Sheet"	60-80% of the budget goes to supporting legacy systems.
5. Analytical	Do we manage by data or by "pretty dashboards"?	Gartner Maturity Level(Data/AI)	Gartner Maturity Models	Scaling Failure: dozens of PoCs, zero production deployments.

### 3.3. Stage 2: Step-by-Step "Recovery" Program (Proprietary 5-Stage Framework)

Diagnosis (3.2) is useless if it is not followed by a structured "treatment" program. The proposed 5-stage framework represents an iterative program for restoring Execution Capability.

It is important to emphasize that this is not a linear project with a beginning and an end, but a cyclical operational model, in the spirit of the Deming Cycle (PDCA) or Kaizen (continuous improvement) [53], aimed at building organizational "muscle."



**Diagram 6.** Conceptual Model of the 5-Stage EC Recovery Framework

#### 3.3.1. Step 1: Diagnosis (Application of the "Five Pillars" and Gap Analysis)

The first step is the formal execution of the "Five Pillars of Readiness" audit using the toolkit described in section 3.2. This work is performed by a dedicated cross-functional "diagnostic team."

The primary instrumentation at this stage includes the "Diagnostic Matrix" (Table 6) to obtain a "snapshot" of the atrophy state, and a Gap Analysis [54], which formally documents the disparity between the current state ("as is") and the target state ("to be") required to execute the business strategy [55, 56]. For example: Pillar 4 (Technology): "As is" = KTLO Ratio 70%; "To be" = KTLO Ratio 40%. Pillar 5 (Analytics): "As is" = Gartner Level 2 "Reactive"; "To be" = Gartner Level 4 "Managed."

The final output of this step is a "Readiness Gap Map." This document serves as the foundation for the next step.

#### 3.3.2. Step 2: Prioritization (Identifying "Critical" and "Foundational" Gaps)

An atrophied organization, by definition, lacks the resources (time, budget, political will) to address all gaps simultaneously. Attempting to do so leads to the dispersion of resources across numerous "competing priorities," which is one of the reasons for failures in strategy execution [57].

Step 2 is a forced, data-driven prioritization. A critical shift in thinking occurs at this stage: priority is given not to tactical, "hyped" projects (e.g., "launch an AI chatbot"), but to fundamental, "boring," yet critically important gaps (e.g., "pay down tech debt in the core system," "achieve Level 3 BPMM process maturity").

The "AI on a rotten foundation" case is a classic example of failed prioritization: chasing a tactical innovation (Pillar 5) while ignoring a fundamental gap (Pillars 3 and 4). A matrix is used for prioritization (See Diagram 7).



## Priorization Matrix

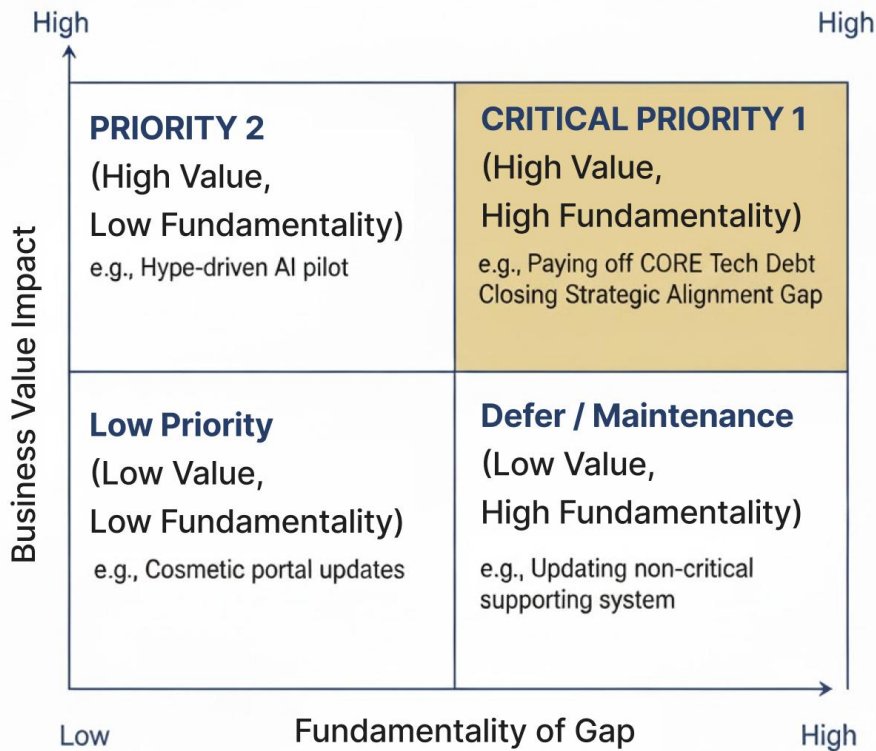


Diagram 7. Readiness Gap Prioritization Matrix

The result of this step is a shift in the organization's focus to Q2 (High Impact, High Foundational). Projects from Q4 (e.g., hyped AI pilots) must be frozen or postponed until the Q2 problems, which create the "foundation" for them, are resolved.

### 3.3.3. Step 3: Mobilization (Forming Sponsorship and Cross-Functional Teams)

Priorities (Step 2) are useless without authority and resources. This step is political and organizational.

The instrumentation here is also political and organizational. It requires "Active Sponsorship" [58], which means not passive C-level support, but creating a "sense of urgency," publicly championing the program, and personal involvement in resource allocation decisions. Second, it requires the Formation of cross-functional teams [59] that unite business, IT, and operations, and are empowered to execute the priorities from Step 2. Digital Atrophy thrives in organizational "silos," and it can only be overcome through such integrated teams.

The result is the creation of an organizational structure (a steering committee led by a C-level sponsor and executive task forces) with a mandate to drive change.

### 3.3.4. Step 4: Modernization and Simplification (Aggressively Combating Technical Debt and Process Waste)

This is the "therapy" phase—the actual execution of priorities (Q2 from Diagram 7). It consists of two parallel tracks: technological and operational.

On the technological modernization track, the problem of traditional budgeting (where the IT budget is an operational expense, OPEX) that prevents adequate funding for tech debt remediation is addressed. The solution is the application of a "Capital-allocation framework for tech debt remediation" [46]. This approach requires a joint decision by the CEO, CFO, and CIO to allocate capital expenditures (CAPEX), not OPEX, for modernization. These investments are protected at the board level and are directly linked to business KPIs (e.g., "TCO reduction," "faster time-to-market"), not IT metrics [46]. The strategy uses an incremental approach [60], rather than a risky "big bang," and is based on the "Tech Debt Balance Sheet" (3.2.4) and portfolio analysis (in the vein of SEI [61]), a specific strategy is chosen for each asset: Refactor, Replatform, Replace, or Retain.

In parallel, on the operational simplification track, there is an aggressive elimination of redundant, duplicate, and chaotic processes identified in Step 1 (3.2.3). Using target process maps ("to be") [56], teams standardize and simplify operational activities, formalizing them in Runbooks (see 4.2.2).

The result of this step is a measurable reduction in technical and organizational debt. Resources (budget and people) are freed from "firefighting" (KTLO) mode for innovation.

### **3.3.5. Step 5: Cultivation and Support (Implementing Continuous Improvement and Learning Cycles)**

Atrophy is a loss of muscle tone; it will return if the "training" stops. This step transforms a one-time "recovery" project into a continuous process of organizational vitality.

The instrumentation for this stage includes Continuous Improvement Cycles, such as Kaizen, PDCA (Plan-Do-Check-Act), or regular retrospectives [53]. Organizational Learning is also implemented through the creation of "Communities of Practice" (CoP) [53] for knowledge sharing and "Centers of Excellence" (CoE) for scaling new skills. A critical element is Incentive Alignment. The KPI system (see 4.3) must be revised to reward desired behaviors:

- Rewarding the reduction of tech debt (not just launching new features).
- Rewarding cross-functional collaboration (not just meeting one's siloed KPIs).
- Rewarding the creation of business value (outcome) (not just task completion (output)).

The result is a new operating model in which the organization continuously diagnoses (Step 1) its condition and adapts (Steps 2-5), preventing a relapse into atrophy.

### **3.4. Scientific Substantiation of the Methodology's Uniqueness and Integrity**

The uniqueness of the proposed methodology lies not in the invention of its individual component tools. The BSC, CMMI, OCAI, and ADKAR models, as well as the TCO concept, are well-known and academically validated [32, 39, 42, 44].

The scientific novelty and integrity of the methodology lie in its Diagnostic-Led approach (the methodology begins not with a prescription, but with a comprehensive diagnosis of a previously unformalized problem—"Digital Atrophy"); its Synthetic nature (it integrates five disparate areas of management science—strategy, culture, operations, technology, and analytics—into a unified system to solve the "activity without results" problem); its Focus on "Execution Capability" (EC) (unlike frameworks focusing on projects, services, or architecture, this methodology focuses on the organism); and its Integration of financial and technological metrics (the inclusion of the "Tech Debt Balance Sheet" [46] as the core of Step 4 moves tech debt management from the technical domain to the strategic and financial domains).

Existing frameworks are fragmented—they solve problems of services (ITIL), architecture (TOGAF), or development (SAFe), but none offer a holistic system for diagnosing and treating the integrated problem of Execution Capability.

### **3.5. Comparison with Existing Management Frameworks**

To demonstrate the scientific and practical necessity of the proposed methodology (hereafter referred to as AM, Author's Methodology), a comparison must be drawn with dominant management frameworks to show their limitations in the context of overcoming Digital Atrophy (See Table 7).

#### **3.5.1. TOGAF (The Open Group Architecture Framework)**

TOGAF provides a methodology (ADM—Architecture Development Method) for designing and governing enterprise architecture (EA). Its limitation regarding atrophy is that, while excellent for designing a target state ("to be"), it is weak in addressing the "how to get there" from a state of deep atrophy. It is often perceived as overly complex, bureaucratic, and slow, which contradicts the digital era's need for speed [62]. It focuses on architectural purity but offers no tools for measuring business value or overcoming cultural resistance (Pillar 2).

### 3.5.2. SAFe (Scaled Agile Framework)

SAFe focuses on scaling Agile practices for effective software delivery at the enterprise level. Its limitation is that it can exacerbate atrophy, as it optimizes the efficiency of IT delivery (output), not the creation of business value (outcome) [63]. It helps Agile Release Trains move faster, but does not guarantee they are carrying valuable cargo or heading in the right direction (Pillar 1). In an atrophied organization, SAFe leads to producing more unnecessary features faster, deepening the gap between activity and results. It has no built-in mechanisms for prioritizing strategic tech debt (Pillar 4) [46].

### 3.5.3. ITIL 4 (Information Technology Infrastructure Library)

ITIL 4 focuses on IT service management (ITSM) and introduced the concepts of the "value stream" and "value co-creation" [64]. Its limitation with atrophy is that ITIL is an operational framework. It is excellent for managing existing and new services in a stable environment. However, it is not a strategic transformation framework. It is not designed for the strategic turnaround of an organization mired in massive organizational and technical debt. ITIL 4 helps to manage atrophy better, but it does not cure its fundamental causes (Pillars 1, 3, 4) [65].

### 3.5.4. COBIT (Control Objectives for Information and Related Technologies)

COBIT provides Governance and control over IT, ensuring the link between business goals and IT processes [66, 67]. Its limitation is that COBIT's excessive focus on control and risk mitigation often comes into direct conflict with the flexibility and innovation ("Adhocracy" culture) needed to escape atrophy [66, 68, 69]. COBIT can effectively "preserve" the existing state by optimizing the management of legacy systems, but it does not motivate or provide tools for radical modernization (Step 4) [68, 69].

### 3.5.5. McKinsey 7S Model

The 7S Model focuses on the organizational alignment of seven key elements: Strategy, Structure, Systems, Shared Values, Style, Staff, Skills [70]. Its limitation is that it is static and descriptive. It is excellent for diagnosing organizational misalignment at a specific point in time. However, it is not a dynamic or step-by-step framework for driving change in a digital environment. It completely lacks an accounting of the technological dimension (Pillar 4) and, in particular, the dynamic factor of technical debt, which in a modern organization is not just a "System," but a powerful gravitational factor distorting all other 'S's [71, 72].

### 3.5.6. Conclusion (Filling the Gaps with the Author's Methodology)

The AM (Author's Methodology) fills the gaps left by these frameworks. It takes the strategic focus (like BSC/Hoshin) and makes it measurable (Pillar 1). It takes the organizational focus (like 7S/OCAI) and adds dynamics (ADKAR) (Pillar 2). It takes the process focus (like ITIL/BPMM) and assesses maturity (Pillar 3). AM introduces the financial-technological dimension ("Tech Debt Balance Sheet") missing from other models (Pillar 4). It links analytics (Gartner) to outcomes, not activity (Pillar 5). And, most importantly, the AM combines all of this into an executable 5-Step Program (3.3) that translates diagnosis into treatment.

**Table 7.** Comparative Analysis of Management Frameworks in the Context of Digital Atrophy [66]

Framework	Primary Focus	How it Addresses Tech Debt (Pillar 4)	How it Addresses Execution Capability (EC)	Key Limitation in Atrophy
TOGAF	Enterprise Architecture (EA)	Descriptively (as part of the architecture), but without prioritization or financing tools.	Ignores. Assumes good architecture = execution.	Too complex, detached from business value, and cultural barriers.
SAFe	Scaling Agile Development (IT Delivery)	Minimally (as part of the backlog), but without strategic focus.	Confuses EC with delivery efficiency(output).	Optimizes activity, not results (outcome). It can exacerbate atrophy.
ITIL 4	IT Service Management (ITSM)	As part of the service lifecycle (operationally).	Focuses on value co-creation within services, but not on strategic EC.	Operational, not a transformational framework. Does not cure fundamental problems.
COBIT	IT Governance and Control	As a risk requiring management and control.	Constrains EC through rigid control frameworks.	Preserves, rather than cures. Suppresses the flexibility needed to exit atrophy.
McKinsey 7S	Organizational Alignment	Ignores (Tech debt is not an explicit 'S').	Implies EC through "Alignment," but provides no tools.	A static diagnostic model. Not a step-by-step framework.
Digital Atrophy Recovery Framework (DARF)	Execution Capability (EC)	Central element (Pillar 4): Quantifies via "Tech Debt Balance Sheet," treats via "Capital-allocation framework."	Core of the methodology: Diagnoses (5 Pillars) and restores (5 Steps).	Fills the gaps: integrates strategy, culture, processes, and finance into a single cycle.

## CHAPTER 4. PRACTICAL ASPECTS OF METHODOLOGY IMPLEMENTATION AND EFFECTIVENESS ASSESSMENT

The development of a theoretically and scientifically substantiated methodology (Chapter 3) is a necessary but insufficient condition for overcoming Digital Atrophy. The practical value of the methodology is determined by its implementability and measurability. This chapter translates the 5-stage framework from an academic model into a practical guide for C-level leadership and transformation office heads. It answers two key questions: "Where to begin implementation?" and "How to measure victory over atrophy?"

### 4.1. Methodology Implementation Roadmap: A Practical Guide for Executives on Executing the 5-Step Program

The implementation of the 5-step "recovery" program (section 3.3) is not a standard IT project but an organizational transformation affecting all Five Pillars of Readiness. It requires unwavering executive commitment, dedicated resources, and a clear plan designed for a phased 12-18 months horizon, transitioning into a continuous process.

The proposed roadmap (See **Table 8**) phases the implementation of the cyclical framework (Diagram 6), translating it into a linear sequence of management actions with clear deliverables at each stage.

**Table 8.** Phased Roadmap for Implementing the Recovery Methodology

<i>Phase</i>	<i>Task</i>	<i>Status/ Type</i>	<i>ID</i>	<i>Start Date</i>	<i>End Date</i>
<b>Phase 1: Diagnosis and Prioritization</b>	<i>Diagnosis (5 Pillars)</i>	<i>Critical</i>	<i>p1</i>	<i>2025-01</i>	<i>2025-03</i>
	<i>Development of "Tech Debt Balance Sheet"</i>	<i>Critical</i>	<i>p2</i>	<i>2025-01</i>	<i>2025-04</i>
	<i>Gap Analysis and Gap Map</i>	<i>Normal</i>	<i>p3</i>	<i>2025-03</i>	<i>2025-04</i>
	<i>Prioritization (Q2 Matrix)</i>	<i>Done</i>	<i>p4</i>	<i>2025-04</i>	<i>2025-04</i>
<b>Phase 2: Mobilization and Planning</b>	<i>Formation of Target Teams</i>	<i>Normal</i>	<i>p5</i>	<i>2025-04</i>	<i>2025-05</i>
	<i>Defense of the "Capital-allocation framework"</i>	<i>Critical</i>	<i>p6</i>	<i>2025-05</i>	<i>2025-06</i>
	<i>Budget and KPI Approval (C-Level)</i>	<i>Done</i>	<i>p7</i>	<i>2025-06</i>	<i>2025-06</i>
<b>Phase 3: Execution (Modernization and Simplification)</b>	<i>Launch of "Modernization Pilots" (Q2 Priorities)</i>	<i>Normal</i>	<i>p8</i>	<i>2025-07</i>	<i>2026-01</i>
	<i>Incremental Technical Debt Repayment [56]</i>	<i>Normal</i>	<i>p9</i>	<i>2025-07</i>	<i>2026-06</i>
	<i>Process Simplification (BPMM Lvl Up)</i>	<i>Normal</i>	<i>p10</i>	<i>2025-08</i>	<i>2026-06</i>
<b>Phase 4: Cultivation and Scaling</b>	<i>Scaling Successful Pilots</i>	<i>Normal</i>	<i>p11</i>	<i>2026-01</i>	<i>2026-12</i>
	<i>Implementation of KPI (Table 9) into Performance Mgmt</i>	<i>Normal</i>	<i>p12</i>	<i>2026-01</i>	<i>2026-06</i>

	<i>Launch of CoP and Kaizen Cycles</i>	<i>Normal</i>	<i>p13</i>	<i>2026-03</i>	<i>2026-09</i>
	<i>Transition to Continuous Process</i>	<i>Milestone</i>	<i>m1</i>	<i>2026-07</i>	<i>(0d)</i>

**Phase 1: Diagnosis and Prioritization (Months 0-4).** The goal of this initial phase is to obtain an objective, data-driven picture of the extent of atrophy and to identify "leverage points." Key actions performed for this include:

1. Formation of a "Tiger Team": (Step 3.3.3) Creation of a small but empowered cross-functional group (Business, IT, Finance, HR).
2. Conducting the Audit (Step 3.3.1): Gathering data across the "Five Pillars" (section 3.2). This includes a technical audit for the "Tech Debt Balance Sheet," surveys (OCAI/ADKAR), and a process audit (BPMM) [42, 46].
3. Prioritization (Step 3.3.2): Holding a session with senior leadership to approve the "Gap Map" and lock in Q2 priorities (Diagram 7)—the fundamental problems requiring immediate resolution. The key deliverable of this phase is an approved "Readiness Gap Map" and "Tech Debt Balance Sheet" [46].

**Phase 2: Mobilization and Planning (Months 3-6).** The goal of this phase is to obtain a formal mandate and resources (people, money) from senior leadership. This stage involves:

1. Securing "Active Sponsorship" (Step 3.3.3): Formal appointment of a C-level program sponsor (ideally the CEO or COO).
2. Defending the "Capital-allocation framework" (Step 3.3.4): This is a critical moment. The diagnostic team, together with the CFO, presents the tech debt remediation funding model to leadership as a capital investment, not an operational expense [46].
3. Forming Execution Teams: Establishing dedicated teams to work on Q2 priorities. The key deliverable is an approved long-term budget for modernization, tied to business KPIs [46], and an approved program governance structure.

**Phase 3: Execution (Modernization and Simplification) (Months 6-18).** The goal is to achieve the first measurable "quick wins" [58] in addressing fundamental gaps. Execution includes:

1. Launching "Modernization Pilots": (Step 3.3.4) Starting 1-2 high-priority modernization projects (e.g., refactoring or replacing the most "painful" legacy asset from Q2).
2. Incremental Tech Debt Repayment [60]: Allocating a fixed percentage (e.g., 20-30%) of development team capacity to planned tech debt repayment, not just new features.
3. Process Simplification: Launching projects for re-engineering and standardizing (BPMM) processes identified as the "rotten foundation" [42].

The key deliverable is a measurable reduction in TCO and KTLO Ratio, as well as an increase in process maturity (e.g., from BPMM Level 1 to Level 3), which demonstrates "quick wins" to maintain motivation.

**Phase 4: Cultivation and Scaling (Month 18+).** The goal of this phase is to transform the "recovery" project into a continuous operational model that prevents a relapse into atrophy. This phase includes:

1. Scaling: Rolling out successful "modernization pilots" to other areas.
2. Cultivation (Step 3.3.5): Implementing continuous improvement cycles (Kaizen, PDCA). Launching Communities of Practice (CoP) [53].
3. KPI Integration (see 4.3): The new KPIs (from Table 9) are integrated into the performance management systems for managers and employees, reinforcing (Reinforcement from ADKAR) the new behaviors [39]. The key deliverable is the organization's transition from a reactive mode to proactive management of its Execution Capability.



## 4.2. Toolkit for Transitioning from "Firefighting" to Forecasting

Digital Atrophy thrives in a culture of reactivity (firefighting mode). Overcoming atrophy requires the implementation of tools that enable a shift to proactivity and forecasting. The key tools for this are multi-level planning and operational runbooks.

### 4.2.1. Implementing a Multi-Level Planning System

Atrophied organizations often exhibit a disconnect between high-level declarations (strategy) and daily operational instability (operations). A multi-level planning system synchronizes these levels.

- Strategic Level (3-5 years) focuses on the long-term vision. Using the Balanced Scorecard and Hoshin Kanri (high-level goals) [32, 34, 35], it establishes clear, C-level aligned objectives (e.g., "Achieve Gartner 'Managed' Level 4 data maturity by 2028").
- Tactical Level (Quarterly / Annually) translates strategy into medium-term projects and measurable results. Using OKRs (Objectives and Key Results) or Hoshin Kanri tactical projects [34, 73], it sets specific, time-bound goals for target teams (e.g., Objective: "Reduce technological fragility"; Key Result: "Pay down 50% of tech debt in core system X by Q4").
- Operational Level (Daily / Weekly) ensures daily and weekly execution, monitoring, and problem-solving. Using Kanban boards, Agile sprints, and Runbooks, it translates "big ideas" (strategy) into "weekly actions," and feedback from the operational level is immediately used to adjust the tactical level. This disciplined planning cascade replaces the chaotic, reactive management characteristic of atrophy.

### 4.2.2. Using Operational "Runbooks" for Standardization and Automation

A Runbook is a detailed, codified set of instructions and procedures necessary to perform a recurring operational task or resolve a known incident [43].

In the context of overcoming atrophy, runbooks are a direct antidote to organizational debt and "shadow work." In an atrophied organization (low Operational Readiness, 3.2.3), processes often rely on individual "heroics" and undocumented "tribal knowledge" of key employees. This makes the system fragile and unpredictable. Implementing runbooks (Step 4: Simplification) serves two functions:

1. Standardization: Runbooks standardize processes, making them explicit, measurable, and repeatable. This reduces dependency on "heroes" and increases BPMM maturity [42, 43].

2. Basis for Automation: A standardized task (a runbook) is the first step toward its automation (Runbook Automation, RBA) [74].

The transition from reactivity to forecasting looks like this:

- Level 1 (Atrophy): Reactivity – A problem occurs, leads to panic, and a "hero" manually solves it.
- Level 2 (Standardization): Proactivity – A problem occurs, an employee opens the Runbook, and the problem is resolved in a standard, predictable way [43].
- Level 3 (Automation): Forecasting – A monitoring system predicts the problem, an Automated Runbook (RBA) is triggered [74], and the problem is resolved before it impacts the business. Aggressive documentation and automation via runbooks frees up human resources from operational routine (KTLO) and allows them to focus on higher-level tasks.

## 4.3. KPI System for Assessing the Resolution of Atrophy

A key factor for reinforcing [39] change is the implementation of a new KPI system. Atrophy cannot be cured by continuing to measure and reward the symptoms that caused it (e.g., "number of pilots launched" or "budget utilization").

The new KPI system (Table 9) must be focused on measuring the exit from stagnation and the growth of Execution Capability. This dashboard should be presented quarterly to the C-level sponsor [46] and serve as the "control system" for the 5-Step Program.

**Table 9.** KPI Dashboard for Monitoring the Resolution of Digital Atrophy [42, 43]

KPI Category	Key Performance Indicator (KPI)	Data Source / Metric	Target Trend	Link to "Pillars" (Ch. 3)
1. Finance and Operations	Reduction of the "Legacy Tax"	% of IT budget for support/KTLO(Keepin g The Lights On)	Decrease (from 70% to < 40%)	Pillar 4 (Technology)
	Asset Efficiency	Total Cost of Ownership (TCO) of key legacy systems	Decrease	Pillar 4 (Technology)
	Process Maturity	Average BPMM maturity level (for key processes)	Increase (from Lvl 1/2 to Lvl 3/4)	Pillar 3 (Operations)
	Execution Efficiency	% Standardization (Runbook Coverage) 1	Increase (to > 90%)	Pillar 3 (Operations)
2. Innovation and Scaling	Exit from Scaling Failure	% of Pilot Projects (PoC) that moved to production 85	Increase (from < 30% to > 60%)	Pillar 5 (Analytics)
	ROI of New Initiatives	Average ROI / NPV of digital projects launched after program start	Increase (from < 0 to > 0)	Pillar 1 (Strategy)
	Strategic Alignment	% of innovation KPIs directly linked to strategic goals 86	Increase (to 100%)	Pillar 1 (Strategy)
3. Execution Capability (EC)	Tech Debt Management	Technical Debt Balance (from "Tech Debt Balance Sheet")	Managed Decrease	Pillar 4 (Technology)
	Readiness for Change	Readiness Index (ADKAR Score) / Cultural Gap Index (OCAI Gap)	Increase / Decrease	Pillar 2 (Culture)
	Data Maturity	Gartner Maturity Level (Data Governance / AI)	Increase (from Lvl 2 to Lvl 3/4)	Pillar 5 (Analytics)

This dashboard shifts the focus of management: instead of "X \$ of budget spent," the focus is on "KTLO Ratio reduced by Y %"; instead of "N pilots launched," on "N % of pilots moved to production"; and instead of "N tickets closed," on "BPMM maturity level increased to Lvl 3."

#### 4.4. Risk and Barrier Analysis for Implementation

Implementing the described methodology is a deeply invasive procedure for an organization. It is guaranteed to meet resistance, as it threatens the existing status quo, redistributes resources, and changes centers of influence.

Proactive management of these risks (Table 10) is a key task for the C-level sponsor and the target teams.

**Table 10.** Risk and Barrier Analysis Matrix for Implementation [36, 46, 57]

Risk / Barrier	Description / Root Cause	Mitigation Strategy (Link to Methodology)
1. Middle Management Resistance (High Likelihood)	Middle managers are caught between "competing demands." Their current KPIs (e.g., "meet production plan") directly conflict with the program's demands (e.g., "allocate people for training," "stop the process for re-engineering"). This is rational sabotage.	Diagnosis: Use ADKAR (3.2.2) to identify the "Desire" barrier. Treatment: Change KPIs (Step 3.3.5 / 4.3). New KPIs must reward managers for long-term EC improvement, not just short-term plan fulfillment. Support: "Active Sponsorship" from C-level (3.3.3) to protect managers who follow the program.
2. Resource Competition / "Firefighting" (High Likelihood)	Operational activities (firefighting mode) will always demand resources, competing with the modernization program. Leadership will be tempted to "temporarily" move people from the target team to solve an urgent operational problem.	Funding: Use the "Capital-allocation framework" (3.3.4). The modernization budget must be "ring-fenced" at the CEO/CFO level and cannot be used for operational needs. Prioritization: Focus on "quick wins" (Phase 3) to prove the program's value and reduce future operational load.
3. "Change Fatigue" / C-level Short-term Focus (Medium Likelihood)	Leadership and employees are tired of endless "transformations" that yield no results. They may perceive this methodology as "just another initiative" and lose interest after 6-12 months if they do not see immediate results.	Communication: Use ADKAR (3.2.2) for continuous change management, communicating "Awareness." Measurement: Focus on measurable KPIs (Table 9) from day one. Sponsorship: Tie the program's KPIs (Table 9) to the personal KPIs of senior leadership to ensure long-term commitment.
4. "Analysis Paralysis" (Medium Likelihood)	Phase 1 (Diagnosis) drags on for too long. The team gets caught up in auditing and building the "perfect" tech debt map but fails to move to action (Phase 3).	Governance: The roadmap (Table 8) must have hard deadlines for Phase 1 (3-4 months). Apply a "good enough" principle for diagnosis to move faster to execution and iteration.

## CONCLUSION

The research conducted was dedicated to the development and scientific substantiation of a methodology for overcoming "Digital Atrophy"—a phenomenon defined as the erosion of organizational Execution Capability, masked by high but ineffective technological activity. In the course of this work, the following key conclusions were formulated and confirmed.

First, the phenomenon of "Digital Atrophy" (conceptualized in the Introduction and Chapter 1) is a real, measurable, and systemic problem underlying the "productivity paradox." It arises not from a deficit of technology, but from a fundamental execution gap. The accumulation of technical and organizational debt, cultural resistance to

change, and a focus on output instead of outcome are its key drivers.

Second, the empirical analysis (conducted in Chapter 2) confirmed that atrophy manifests in similar patterns across various industries. Whether it is the phenomenon of Scaling Failure in the financial sector, the gap between "Industry 4.0" and reality in manufacturing, or the inability to integrate innovation labs with an obsolete legacy core, the symptoms point to common systemic failures in the organizational "operating system."

Third, the analysis (Chapter 3.5) showed that dominant management frameworks (such as SAFe, ITIL 4, TOGAF, and COBIT) are inadequate for solving this integrated problem. They are "siloeed": SAFe can exacerbate atrophy by optimizing activity; ITIL focuses on operational service management; TOGAF on architecture; and COBIT on control. None of them offers a holistic, diagnostic-led approach to restoring Execution Capability.

Against this backdrop, the research hypothesis (formulated in Chapter 1.5) has been fully confirmed. The research developed and scientifically substantiated (Chapter 3) that a comprehensive methodology focused on:

- Integrated diagnostics ("The Five Pillars of Readiness," Chapter 3.2),
- Restoration of Execution Capability (the 5-Step Program, Chapter 3.3),
- Aggressive combat against technical and organizational debt (Step 4 Modernization, Chapter 3.3.4), ...is capable of reversing the process of Digital Atrophy and increasing the ROI of technological initiatives. The practical implementation (Chapter 4) and the control system (KPI Dashboard, Chapter 4.3) prove its applicability.
- The contribution of this monograph to the development of management theory and practice is as follows:
- Theoretical Contribution:
- Conceptualization of a new term: The concept of "Digital Atrophy" has been introduced and formalized as an independent phenomenon in management and organizational behavior theory. This allows the academic discourse to shift from "digital transformation failures" (a descriptive term) to "atrophy of Execution Capability" (a diagnostic term).
- Development of a synthetic diagnostic model: The "Diagnostic Matrix: Five Pillars of Readiness" (Chapter 3.2, Table 6) is proposed. Its novelty lies in the synthesis of five distinct areas of management science (Strategy (BSC/Hoshin), Culture (OCAI/ADKAR), Operations (BPMM), Technology (Tech Debt Balance Sheet), and Analytics (Gartner Maturity)) into a single, holistic diagnostic tool.
- Critical analysis of existing frameworks: A scientific substantiation (Chapter 3.5) is presented, demonstrating the limitations of leading management standards (SAFe, ITIL) in the context of the "activity without results" problem, and showing how the proposed methodology fills the identified gaps.

Practical Contribution:

- Creation of a ready-to-implement toolkit: The monograph is not only a theoretical treatise but also a practical guide for the C-level and executives. It includes the "Diagnostic Matrix" (Table 6) for self-assessment; the "5-Step Recovery Program" (Diagram 6) as a treatment plan; the "Phased Implementation Roadmap" (Table 8); and the "KPI Dashboard" (Table 9) for monitoring and measuring success.
- Implementation of advanced management tools: The methodology brings to the forefront and integrates into a unified process the latest, but often disparate, management tools, such as the "Tech Debt Balance Sheet," the "Capital-allocation framework," and "Operational Runbooks," providing executives with concrete financial and operational levers to overcome atrophy.

Despite the completeness of the presented methodology, it is necessary to delineate its limitations and the assumptions made during the research.

Methodological Limitations: The research is predominantly descriptive-prescriptive in nature. The proposed methodology (Chapter 3) was developed based on a synthesis of existing validated models and case study analysis (Chapter 2). Its full empirical validation requires a longitudinal study (over 3-5 years) applying the methodology in several organizations.

Contextual Limitations: The methodology's effectiveness is critically dependent on the presence of "active sponsorship" (Chapter 3.3.3) and the political will of senior leadership (CEO, CFO, CIO). The model assumes their ability to make complex, costly, and long-term decisions (e.g., regarding capital investment in tech debt). In organizations with high political fragmentation or a focus on short-term quarterly profits, implementing the methodology will be extremely difficult (Risk 3, Table 10).

Sectoral Limitations: Although the model is universal, its KPIs (Chapter 4.3) are primarily oriented toward commercial organizations (ROI, TCO). Adaptation for the public sector and non-profit organizations (NPOs) requires separate consideration, as their "ROI" is measured through "public value," not profitability.

The limitations of the study open broad prospects for future scientific work:

- Empirical Validation: Conducting a longitudinal study (action research) in 1-2 organizations implementing this 5-step methodology to measure its long-term impact on the KPIs from Table 9.
- Model Adaptation: Developing specialized versions of the "Five Pillars" and KPI dashboard for the public sector (with a focus on "public value" and budgetary constraints) and for small/medium enterprises (SMEs).
- Macroeconomic Analysis: Developing the thesis on researching the impact of cumulative Digital Atrophy in key industries on national competitiveness and labor productivity. This also concerns the impact of failed transformations on market capitalization.
- Impact of Generative AI: The explosive growth of Generative AI (2023-2025) is a powerful catalyst for technological hype. A separate study is required on how GenAI accelerates Digital Atrophy (by provoking investments onto an unprepared foundation) and how the proposed methodology (especially Pillars 3, 4, and 5) helps to absorb it, avoiding a new round of "Scaling Failure."

In conclusion, Digital Atrophy is not a technical disease, but a managerial one. It cannot be cured by purchasing new technologies. It can only be overcome through the disciplined restoration of Execution Capability, based on an honest diagnosis and the systemic treatment of fundamental organizational and technological debts. The methodology proposed in this monograph provides the necessary scientific and practical toolkit for this purpose.

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