

Digitisation - adapt or die

Without doubt, today's ever-quickenning cycle of change is unprecedented. Change today is faster, more erratic, more elemental than ever before. A collision of technological, competitive and cultural pressures is forming a vortex of what we have begun to call the 'information age'.



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This is a pretty concise summary of how many business leaders feel today, only these words are not current. They were written in 1996, opening the Harvard Business School book *Fast Forward*. The book doesn't waste time motivating change in business, since that is a given. But the overwhelming speed of change is making it hard for many to keep a steady eye on the horizon. IT holds the focus, since it seems to dictate the new change, something many are resisting or constraining in an attempt to manage that change.

Acknowledging change

Sadly it doesn't work, said Waldemar Adams, SAP SVP of Analytics EMEA. The IT department is not responsible for change, but just the current custodian of technology. A century or so ago, those custodians may have been whoever managed a fleet of horse carts. "The horse cart was the old technology, which is okay," said Adams. "There's nothing wrong with horse carts. But it had a certain limit and this limit was divined by the technology, whether it's the speed, the scalability, the resources consumed, etc. You can't just put 200 horses in front of one cart."

But progress doesn't readily translate into adoption: "It didn't mean everyone said 'Hey, hurray, now we have cars!' Instead there was a bit of resistance against it, because it's change. You have something you use, you control it, you have whole infrastructures around it." As the saying goes, why fix what ain't broken? Unfortunately it is broken: a business that does not keep up with change is doomed to fail.

Companies die all the time: by 1983 a third of 1970's Fortune 500 companies have gone into bankruptcy, merger or acquisition. Since 2000 more than half of companies on that exclusive index have met the same outcomes, according to Capgemini Consulting. Most healthy companies die because they resist change. Adams raised the examples of three Fortune 500s once giants of their markets - BlackBerry, Nokia and Blockbuster Video: "They were super successful, the world leaders. They had their business model and they relied on it. It was all they knew and they were good at it. So why give it up?"

Adams continued: "But the change wasn't a surprise out of the blue. Oh, another customer moved to a smartphone or used streaming instead of renting. And another one. Change was there, they just chose to ignore it."

Digitisation is the new standard

Adapt or die: it's as fundamental as that. Digitisation is the new standard and only digital businesses will thrive in the 21st century. Fortunately all businesses are potentially digital and technology has evolved to be more accommodating. Convergence and services make it easier to acquire, manage and exploit technology, opening the space and budget for companies to evolve more.

"The organisations that are adapting faster to this digital transformation are more successful. They have more revenue. Digitally transformed companies on average only increased revenue by 9%, but simultaneously boosted profitability 25%. That is quite a big thing."

"If you are open to apply technology to your advantage, that makes a difference. So it's an ask. You need to figure out the benefits you can have for your business." This is not a challenge of technology or the ones who maintain it. The step into digital transformation is a question of business vision. Adams didn't have to think hard for an example:

"It reminds me of the CEO of Under Armour, one of our customers. He sent a card every Christmas to the CEO of Nike: 'All the best for Christmas. One day I will be the number one in the market!' It's a very bold statement. And now they are a big player in the market. But it doesn't mean that only the top companies or startups need to have cars and all the rest get horse carts. Everyone should make this shift towards digitisation."

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