

How to thrive in the digital era

By Marc Gower

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Forget about digital transformation until you have addressed how you plan to reinvent your business model to address the fundamental and irreversible shift in the way customers make purchasing decisions and consume products and services.



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Technological evolution has always gone hand-in-hand with the advancement of business models, whether it is the arrival of the production line assembly that heralded the industrial age or the PC and internet that created the information era.

“ In the digital era, however, this delicate dance is out of sync because the pace of technological development has increased so rapidly that businesses cannot keep up. ”

Moreover, that rapid pace of technological development has led to a paradigm shift in customer and employee behaviour, values, and expectations.

Customer service and experience is the differentiator

Previously, price was the determining factor between company x and company y in a specific sector, even if company x's focus was offering the lowest price and company y's strategy was offering the best product at a premium price. Now, customer service and experience is the differentiator. Competitive advantage now stems from discovering a new value chain and the adoption of a subscription model for your offering, which allows for service-based value to be added to your offering.

For instance, an organisation selling fertiliser enhances its customer service by offering soil analyses to customers who purchase fertiliser. This organisation now manages the way in which customers use the fertiliser to make sure it is optimally utilised, allowing farmers to get the best value from the product. Fertiliser is now a service.

Similarly, a tyre fitment centre may differentiate itself from its rivals by using technology to tie in services to its offering through data. Instead of selling tyres, the fitment centre could offer subscriptions related offerings, like rotation, roadside assist, safety advice, insurance, nitrogen, and tyres.

Predictive analytics

Predictive analytics can allow that business to notify the customer when they need to replace their tyres and based on usage data, which set of tyres will offer them the best combination of performance and longevity. This level of customer service will differentiate the business to the point of becoming a competitive advantage for the company that it can sustain through constantly innovating by expanding upon the value-adds that are personalised to each consumer.

For this to happen, the business needs form partnerships that will enable it to use technology platforms and services to optimise its operations, empower its employees, enhance its customer service and transform its offerings to address the business challenges and take up the opportunities offered within the digital era. Doing so will also make it more agile and responsive to market changes and will dramatically decrease its reliance on legacy systems.

Legacy applications often prevents transformation

Legacy applications often prevent an organisation from transforming as these older systems don't support the sales, billing, collections and after sale service delivery of new service led consumption based subscription business models.

“ To initiate business transformation, businesses must examine their application landscape to ensure they can support the desired outcome. ”

Or they can opt not to and follow in the footsteps of Kodak, Blockbuster and the majority of Fortune 500 companies that have fallen from grace over the last decade, by thinking they are immune to tectonic shifts in the market and customer demands.

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