

The Digitalisation Imperative

by Joan Mulvihill

As the Fourth Industrial Revolution underpinned by digitalisation gathers pace, almost all businesses are faced with a choice; to be the disrupted or the disruptor, to be the challenger or the vanquished.

Digitalisation is not just transforming your business operations, digitalisation is transforming the entire markets in which you operate and so just as this applies to you, it applies to your customers and your suppliers. The magnitude of change and the value generated by digitalisation is largely determined by the extent to which an ecosystem approach can be taken by the strategic visionary business leader.

Almost any business will get some return on investment from digitalising their existing operations to a greater or lesser extent. In his most recent book, Alex Osterwalder, developer of the Business Model Canvas, categorised three types or levels of digitalisation starting with **Digitalisation for Efficiency**. I had been calling it 'faster horses projects' but it essentially means digitalising what is already there and using the data and technology to seek out maximum efficiency. Many businesses are already doing this, so it often elicits a 'so what' shoulder shrug. It will keep your business cost competitive but once someone innovates a newer, better product you will be simply the most efficient producer of an outdated product and over time obsolescence looms on the horizon.

Sustaining Digitalisation steps things up a level and this is where digitalisation keeps you competitive not just on price but market relevance. If you think of Efficiency Digitalisation as the operations of the business where digitalisation has been applied to delivery efficiency, then Sustaining Digitalisation is where digitalisation is applied to deliver an enhanced product or service experience in a materially different way by the customer. By virtue of the investment in technology, in data analytics for customer insight and understanding, the business can add new features

and benefits that add real customer value and keep pace and sustain relevance with an ever-demanding market. Osterwalder calls it Sustaining Digitalisation but sticking with the Ford adage "if you'd asked the market what they wanted they'd have said a faster horse", I've been calling this kind of sustaining Digitalisation 'the car projects'.

Finally, there is **Disruptive Digitalisation**. This is where ecosystem thinking comes into play and real understanding of the market dynamic and the essential customer need. Horses or cars, they are predicated on an assumed customer need to travel from A to B. But what if you could eliminate the need to travel? What if you could satisfy the customer's core need without leaving point A at all? This is disruption. This is how the

disruptors think. This is how digitalisation changes everything. The technology is there to do efficiency, sustaining and disruption but it is the difference in thinking that changes everything. What is the scope of your thinking?

So many businesses look at the world from a "within frame" domain perspective. It's not irrational or unreasonable but it takes just one start-up to come along to disrupt the rules of the game and challenge the ingrained assumptions of how things have always been done and the disruption genie is out of the bottle.

Digitalisation leverages data for actionable insights to improve business competitiveness. The challenge here is that the competitive landscape is not a constant. Cost competitiveness in the



form of process and energy efficiency, increased yield/output, reduced waste, improved performance can present a compelling business case for most large organisations where the economies of scale mean that even a marginal % improvement can realise significant return. The downside is that everyone else will eventually do the same thing and it still won't protect a business from outside disruption in the longer term.

In accepting Osterwalder's definitions of digitalisation, digitalisation in all its forms (Efficiency, Sustaining and Disrupting) is worth doing. Digitalisation at the more innovative end of the spectrum (Sustaining and Disruptive Digitalisation) will arguably attain the greatest return in the longer term and this can play advantage to smaller and more nimble businesses and start-ups. Meanwhile Digitalisation for efficiency plays to the economies of scale of larger corporations. Digitalisation in this respect is the great equaliser.

But what does this kind of disruption look like and how do you ideate such out of the box, out of frame thinking? The great disruptions are often those that have disintermediated and eliminated low value elements of the value chain and/or understood the end consumers' real need and provided a platform solution for a value-add customer proposition (e.g. Uber, Airbnb, Deliveroo). Such opportunities for disruption come from taking a holistic ecosystem perspective. They require a design-thinking approach, putting the human need at the centre and reframing or rather un-framing accepted ways of doing things. When we offload these pseudo constraints and accept that the technological capability either already exists or will shortly exist, we can start to answer the following questions:

1. What will the market look like ten years from now?

Corporate vision does not last forever. It needs to be reviewed periodically. Given the pace of change brought about by digitalisation, business leaders need to reassess their vision in the context of that change. Without vision there can be no strategy. Corporate vision anchors the strategy and helps leaders decide which products and markets should and should not get resources. Realising the value of digitalisation is about thinking differently not just 'doing' differently. While the PESTLE framework is as relevant as ever (Policy, Environment, Society, Technology, Legal, Economic), the pace of change is greater and imagining the future 10 years from now requires some really creative thinking. The World Economic Forum identified their top three skills required for this Fourth Industrial Revolution and Creativity is in that top three along with Critical Thinking and Complex Problem Solving. Arguably creativity is the one that will best enable this kind of 10 year imagining.



persona

Reliable Innovative Security Focused

The changing face of
secured document solutions

Operating under ISO27001.

These ISO standards give our customers the confidence that we treat quality and data security seriously, by putting in GDPR compliant systems and processes to guard against the risk of breaches or misuse of data.

Our Services

 Print Management	 Transactional Print & Mail	 Document Generation	 Business Process Outsourcing
 Post Room Solutions	 Scanning & Indexing	 E-document Solutions	 Analytics & Tracking

Our experienced professionals work with our clients to offer innovative, yet practical, solutions that add real business value and that help to achieve the client's strategic business objectives

Contact us today

+353 1 652 0699 | contact@persona.ie

www.persona.ie

f t in



2. What role will we have in that future market?

With clarity of vision, business leaders can set their 3 to 5 year strategy. It is at this point that business leaders ideate for innovation, set priorities and investment policies and programmes. The idea of such a strategy being anything other than a digitalisation strategy at this point is now almost unimaginable. Even to stand still and optimise efficiency for cost competitiveness there is a digitalisation imperative. To keep pace with market innovations and sustain a position of relevance there is a digitalisation imperative. To be a disruptor, to be in contention as the winning disruptor, there is a digitalisation imperative.

3. What capabilities – human and technological – must we start acquiring/building and what can we start thinking about and doing today?

Like everything, start with the end in mind. No one needs to know or indeed can know all the steps from starting point to end. More often than not, you just need to know the best next step or two. The specifics of the answer will depend on where you are starting from. Is yours an organisation that is already on a digitalisation journey with strong technology infrastructure and data analytics experience and capabilities? Is design-thinking already deeply rooted and practiced in the organisation?

Who is the visionary in the organisation empowered to take the lead and with the resilience to stay the course when projects fail? (Because there will be failures).

No matter what your starting point and no matter what the envisaged end point, no facet of the market will remain untouched by technology, by digitalisation. Sometimes that change will be driven by advances in technology itself where technological and scientific breakthroughs are the catalyst to make the previously impossible and unimaginable both possible and probable. In parallel, some change will be forced upon business by other factors such as climate change and the sustainability imperative. Digitalisation is as inevitable as the change itself. It is inescapable but then again, why would anyone want to escape it? It provides a myriad of exciting opportunities for those who can embrace it with vigour and vision.

Digitalisation is as inevitable as the change itself.



Joan Mulvihill

Digitalisation Lead for Siemens in Ireland, Joan Mulvihill is at the forefront of driving technology adoption in Ireland for the past decade. Having been CEO of the Irish Internet Association for 7 years, followed by 2 years as Centre Director for the Irish Centre for Cloud Computing, Joan's role in leading digitalisation for Siemens customers builds on her deep commitment to and understanding of the needs of Irish business to create sustainable value. The Siemens Digitalisation teamwork with their customers leveraging domain expertise, creative thinking and problem solving to realise solutions that transform businesses and create all of our shared futures.