TOPIC: DIGITAL DARWINISM

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Digital Darwinism

Will Your Business Fall Victim to Digital Darwinism

Before you answer that question, let me define Digital Darwinism for you. Digital Darwinism is the evolution of society and technology at a faster pace than a company’s ability to adapt. I didn’t coin the phrase, but I know the intent—when it comes to technology and digital transformation, evolve or perish! Digital Darwinism threatens almost every business in every industry. In fact, a recent study produced by Babson College cited, “Over 40 percent of the companies that were at the top of the Fortune 500 in 2000 were no longer there in 2010.”

This technology-driven change isn’t going to go away. If anything, it is going to increase and businesses will need to adapt in order to survive. This shifting business landscape can be daunting, but in reality, there are huge opportunities for organizations that are successful in navigating through disruptive innovations (defined as new ways of doing things that disrupt or overturn the traditional business methods and practices).

Every business, regardless of geography, company size or industry, will have to address the same five disruptive innovations:

- Social media
- Mobile computing
- Business analytics/Big data
- Cloud computing
- Risk intelligence

Each of these disruptive innovations is technology focused and rapidly evolving, and each of them has the potential to significantly impact business.

Understanding Disruptive Innovations

Social Media

A social media strategy has become a must for all enterprises. With over one billion individuals logged on to various social networks, people are now using social media to research companies’ products, services, philosophies and strategies. Companies are much more transparent to their customers, and companies need to develop a strategy to monitor and react to their social media status.

Mobility

Mobile devices have changed the way people access digital content. Smartphones and tablets have brought added convenience and rich, digital content to the fingertips of customers. Enterprises need to access their business to determine if there is a need to jump on to the mobility bandwagon, and if there is, ensure that their applications are mobile ready.
Analytics/Data

Every year, companies and individuals generate billions of gigabytes of data. Data, that when properly analyzed, can create a tremendous competitive edge. Enterprises need to recognize this opportunity and adapt their IT strategy to capture and analyze this information.

Cloud Computing

Cloud computing has become an accepted technology, and companies need to recognize the tremendous opportunity it presents for fostering innovation and improving productivity.

Risk Intelligence

Risk intelligence is the ability to identify the risks that must be avoided to survive, by preventing loss or harm, and the risks that must be taken in order to gain a competitive advantage. Risk intelligence affords companies the ability to translate these insights into informed decisions and practical actions that strengthen resilience to adversity, and improve agility for seizing opportunities.

Welcome to the Post-digital Era

These disruptive innovations are part of what is known as the post-digital era, a time when technology is empowering customers and businesses like never before. According to Suketu Gandhi, a principal at Deloitte Consulting LLP who specializes in technology strategy, “This disruptive force is leading organizations to fundamentally rethink their strategies and business models. In the post-digital era,” he says, “companies may live and die by their ability to harness tools like analytics, social business, mobile, cloud, and cyber security to create intimacy with customers, agility within the enterprise and in the market, and collaboration among internal and external stakeholders.”

Navigating the Post-digital Era

The process of navigating this new post-digital era is referred to as digital transformation, and contrary to what you might think, successful digital transformation doesn’t just come from implementing new technologies. It comes from transforming your business to take advantage of all the possibilities technology has to offer. This means a technology and methodology shift to re-envision and drive change in how companies operates. Companies will need to become more agile and dynamic to change, have the ability to bring products and services to market faster, be context aware about their industry and competition, and well connected with their customers, partners and suppliers.

The Digital Transformation

The most important thing to understand about the digital transformation process is that there isn’t an end game; it’s a continuous journey. Businesses need to constantly be evaluating their processes, looking for ways to improve operational efficiencies and customer service across the enterprise.

Before we get into the actual process of digital transformation, let’s recap. First, we know businesses are now operating in an era that is known as the “Post-digital Era,” which is an era where technology is
empowering customers and business at a pace and level we have not yet seen. Secondly, the digital transformation process is being driven by disruptive innovations that include social media, mobile computing, analytics, cloud computing and risk intelligence. Third, and most importantly, taking a back seat or a “wait and see” approach to this evolving business landscape puts your business at significant risk.

Companies are beginning to address the digital transformation process with digital advances, such as analytics, mobility, social media and smart device—and improving their use of traditional technologies, such as Enterprise Resource Planning (ERP)—to evaluate the three main areas in the digital transformation process: the customer experience, the operational processes and the business model.

Transforming the Customer Experience

Successfully transforming the customer experience requires syncing and analyzing all existing data, to better understand the customer’s behavior, and mapping customer touch points to ensure a seamless and intuitive customer experience.

This can be a challenging exercise. Today, the customer journey is typically linear in nature, with each step being managed by different groups that may not collaborate with one another. The problem typically arises when these disparate groups are asked to come together to provide a seamless customer experience. These behaviors, and the politics that often surround them, tend to create hurdles that obstruct or delay the process. To address these nuances, many businesses are forming specialized organizational teams to lead their digital transformation efforts. Without the appointment of a designated and focused team, tearing down silos to create a unified approach for optimizing the digital customer experience is nearly impossible. In fact, not having a project evangelist usually results in a disjointed customer experience that causes friction and frustration that ends with abandoning the process before the desired tasks are completed. Over time, this actually leads to digital degradation and the failure to be competitive.

Once a digital transformation team is formed, the next step is about research. Many businesses make the mistake of thinking digital transformation means simply investing in technology. It is all too easy for businesses to be lured in by the latest technology and seek to follow every new trend. In an era of constant and rapid change, you need an informed vision on how and what technology can help you deliver.

The first step in the digital transformation process should begin with customer journey mapping. Journey mapping involves mapping out the total customer experience across all touch points in an organization, from initial contact, through purchasing, post-sales support, and hopefully onto renewal/repurchase. This process highlights the experience that you want to provide customers, as well as the experience customers would like to receive. The end result will be a list of gaps between the desired customer experience and the one actually received. These gaps will highlight the areas of importance (where effort should be applied), as well as the areas not valued by customers (so costs/resources can be optimized).
Journey mapping will also shed light in other important areas, such as:

- Understanding the experience for different groups or types of customers
- Identifying ways to improve efficiency and remove inconsistencies in the customer’s experience
- Identifying ways to offer a more seamless experience across businesses, functional silos and channels
- Developing cross-business alignment across the organization
- Establishing development priorities

**Transforming Operational Processes**

Although the customer experience is the most visible component of the three main areas of focus, businesses are also realizing significant benefits from transforming their operational processes.

Historically, companies have used automation to make processes more efficient and scalable. ERPs, for example, has enabled significant efficiency and quality gains in core transactional processes. Today, however, new technologies are extending benefits far beyond process efficiency. Companies are now building agile business processes, making their processes more flexible and responsive to the ever-changing market demands. Agile process design also adds transparency to the business by providing additional transactional data and deeper insight into processes, markets and customers. This data and insight gives decision makers a much deeper understanding of their business, allowing them to make more intelligent strategic decisions.

**Transforming Business Models**

Business leaders understand that customer expectations are influencing the way they set their strategic direction and run their organizations. The challenge is that businesses have to manage to existing and often traditional offerings and operations. This makes it difficult to address the requirements to incorporate information and interactivity quickly without significantly driving up costs and complexity.

So how do businesses best address this shift in their business models?

Transforming business models should begin by answering some important questions: How can your business best respond to the shift in customer expectations? How can your business take advantage of the opportunity to innovate, differentiate and grow? And how can your business do all this cost efficiently, leveraging and optimizing the newest information and technologies as part of your overall physical operations?

The best way to answer these questions will depend on the businesses strategic objectives, industry context, competitive pressures and customer expectations. Not every business will be at the same level of urgency. Some businesses have a more physical product and their customer requirements for information are not as advanced as the companies that offer revenue-based services or products that can be offered online or through mobile devices. Regardless of what category your business is in, you need to be evaluating your customer value proposition and operating models in order to survive Digital Darwinism.
Successful business model transformation also requires integrating business activities across the entire organization, and optimizing how the data related to these groups is managed, tracked, analyzed and, most importantly, shared. This requires interaction with customers across every phase of the business, not just sales, marketing and service, but also product design, supply chain management, human resources, IT and finance. Engaging with customers at every touch point will go a long way in shedding light on how the business models need to evolve. These efforts are also what differentiates a customer-centered business from one that isn’t—which can be a huge competitive differentiator.

Conclusion

In conclusion, digital transformation is not a fad or a trendy moniker. Businesses in every industry are under pressure to rethink their customer value propositions and business models. Companies that take a proactive position in the digital transformation process, and leverage the full potential of disruptive technologies, are reshaping customer value propositions, and transforming their business models to deliver the new value propositions effectively, efficiently and in innovative ways.

The path to successful digital transformation will vary by industry, however, every industry will be affected on some level, and therefore, needs to have a plan in place. Those that do not take advantage of the new digital age may drastically limit opportunities for future success. Conversely, businesses that evolve their operational processes and implement new business models, based on customer demand, have an opportunity to distance themselves from competitors, now and into the future.