

Digital transformation: The new face of business in a mobile-first, cloud-first world

 By Nir Tenzer

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Technology has become ubiquitous and central to growth and innovation in today's business. It is embedded in a vast array of services and devices, and accessible to businesses to do what was previously impossible. When we talk about this fourth industrial revolution, just like the first three with steam, electricity and information technology, it had a pretty broad impact in the way we live, the way we work, the way we entertain ourselves, the way we communicate.



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And now, when we talk about this fourth industrial revolution with digital technology, we're talking about it having perhaps even a broader, deeper impact on all those aspects of our lives. The way we engage is changing, the way we work is changing and the way we solve, address problems and innovate is changing – the pace of the change is also getting faster and faster. The world of the future is going to be different to the world we live today – there will be businesses and jobs that we cannot even conceptualise today.

The change and the disruption will come from many directions, including industry disruption and technology disruption. Cloud, mobility, social and insight coming from data will contribute to this massive wave of disruption. The tumultuous period of change for us in our businesses and how we navigate that presents much opportunity for the businesses of today and those of tomorrow.

Opportunity in transformation

As we embark into the depths of this fourth industrial revolution, we come to learn that every business is a technology company. Every company has the potential to transform itself into a digital business.

What is a digital business? It's more than presenting a website or online service to customers, or simply using technology to run your business. According to leading technology analyst firm Gartner, "Digital business is the creation of new business designs by blurring the digital and physical worlds."

Contextualising this, here are some examples of what companies are doing today to digitise:

- **Innovating with crowdsourcing and data** – Organisations are changing how they deliver new products and services by integrating customer, employee and general ecosystem feedback into their innovation process. In some cases, they are directly incorporating customers into the process. In others, they are collecting detailed data from the products they have in market in order to better understand usage and enable improvements. During the development process of Windows 10 for instance, Microsoft received millions of pieces of feedback from more than seven million fans who joined the insider programme, tested the software, and helped shape the finalised version of the operating system.
- **Working smarter with smart machines** – Increasingly, smart machines such as digital assistants are empowering employees and consumers be more informed and productive in how they work and live.
- **Adapting the business through intelligent operations** – Enterprises today are connecting their operations and making them more agile and responsive to changing market conditions and customer needs. For example, a vehicle manufacturer can employ machine learning (quick data analysis) to identify and distinguish between model features that buyers actually need and nice-to-have features that they want based on customer demand, within various demographics across the globe. This will enable the car maker to cater to the needs of customers better with the right standard features everyone needs, while providing most of the cool features many people want as options.
- **Staying ahead by anticipating what's next** – Machine learning and advanced analytics are enabling organisations to anticipate and predict customer needs and market changes better and faster, helping them be more competitive in the market and wow their customers.
- **Delighting customers with richer experiences** – In order to deliver engaging customer experiences, businesses today are leveraging digital technology like interactive digital displays, second screen strategies, and mobile/local offers to enrich physical experiences with digital ones to help drive customer engagement and loyalty.

In order to successfully navigate the transformational wave, organisations need to form partnerships that will enable them to utilise systems of intelligence that will help them gain insight and take action from big data, optimise their operations and change the very nature of the business models around their industrial products.

Leaving a legacy of innovation

Common stumbling blocks that prevent companies from effectively supporting business priorities through digital transformation include the burden of legacy systems. Enterprises and large corporations within sectors such as financial services and retail often find themselves being disrupted by smaller, more agile competitors such as SMEs and start-ups that are not burdened by a legacy system that is very complex to manage.

As Microsoft, we are similarly impacted and disrupted and are experiencing our own digital transformation. We have adopted interconnected ambitions that represent more than our ambitions – they are our response to this imperative to transform and designed to help our customers deliver transformation within their organisation.

By adopting the mind-set of a digital company, any business can transform through the four pillars of digital transformation. The first of these is empowering your customers through tools like a customer management system and approaches such as driving viral find; try and buy opportunities that help cross-sell and up-sell, and build these capabilities into offerings. Next up, companies have to empower employees through knowledge and insight tools, enabling staff to access data and collaborate from anywhere, anytime, using any device or platform.

The penultimate pillar

The penultimate pillar is optimising your operations, which is achieved by migrating services to the cloud and focusing automation. Last but not least is transforming your products, which is done by creating connected services and generating insights to see what can be monetised to unlock new business models. Previously businesses designed, built, produced and shipped a product, then customers bought it. That was the end of the cycle. Now organisations are building in continuous feedback loops – sensors in product, after-market services, and customer feedback from a variety of channels.

Transformation requires these rich systems of intelligence. And it isn't simply about technology...systems of intelligence represent the combination of technology, people and process that enable these feedback loops, and define an organisation's competitiveness and ability to change the entire landscape of the industries in which it participates.

Moreover, organisations, will require a cultural change within the company that sees staff being more open to learning, using and integrating new systems, tools and solutions into their daily routines and processes.

ABOUT NIR TENZER

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