

Digitalization – The Next Step to Success

“Those who don’t change will become extinct”. In 2015, IDC predicted that 30% of the top companies in any industry would be overtaken by a new competitor by 2017. Reality shows this was a conservative view.

With rapid time to market for new offerings, global competition and rising customer expectations, successful ‘digitalization’ is critical for survival of all business. Simply put, digitalization is a process through which a company commits to leveraging technology to enhance or expand product and service offerings to most effectively address customer needs. This is often through a ‘pay as you go’ or other customer loyalty based revenue model, providing the company with instant access to customer behavior, usage and needs information (through analytics and artificial intelligence).

What is Driving the Need for Change:

While the acceleration of innovation and the ubiquity of technology are driving digitalization, other societal and economic trends are fueling the sustained need for change. These include:

- Growth of digital native millennial generation in leadership roles demands use of mobility, global, sustainable resources and social, value networks.
- Increased productivity requirements driving requirement for convenience and immediate access to quality services.
- Reduction of capital budgets and decentralization of operating expenses for departmental ‘pay as you go’ solution and vendor adoption.
- Societal trends for sustainability drive interest in sharing versus owning goods and services.
- Consumer requirements for positive experience (service and value) with greater access to global alternatives if expectations are not met.
- Growth of robotics, big data analysis, integration of sensors into wearable, consumer / home, energy and other devices enhance personalization and customer experience.

Customers today have choices - as do business leaders who can either embrace the changes and transform their organization to succeed in the digital world or risk extinction. By leveraging technology to deliver new products and services through a customer loyalty based business model, Adobe, Tesla, Apple and others have demonstrated that digitalization delivers success.

Change is happening – the greatest organizational risk is in waiting too long to adapt.

Requirements for Successful Digitalization:

Digitalization is a process and philosophy of leveraging technology to enhance customer satisfaction. This can provide new (recurring) revenue streams and greater customer experience through easier access to more relevant solutions. Ultimately this leads to greater market valuation, due to increased customer commitment and profitability through operational efficiency.

Digitalization can be through transition from perpetual ‘product’ sales to ‘as a service’ offerings as in the case of Adobe, ShoreTel and AutoDesk or the addition of new revenue streams, such as Event Experiences by Live Nation or complementary offerings ie Finn.no from Schibsted or logistics services from Posten. Services can be provided by the company or through partners, in a ‘value network’, adopted by Uber, Amazon and Foodoro.

Keys to Successful Digitalization:

Next Step's Digitalization Blueprint is built on the following key principles:

1. Digital Business Strategy Planning / Readiness Assessment:
 - a. Reasons to change and / or complement current approach with digital, service based offerings.
 - b. Stakeholder Requirements
 - c. Financial model with five year Return on Investment
 - d. Key Performance Indicators and Success Milestones
 - e. Risk Mitigation Plan
 - f. Program and Project Plans
2. Customer journey definition, monitoring, adaptation and feedback processes to drive:
 - a. Service/product offerings and business model decisions
 - b. Pricing and packaging of offerings
 - c. Collaboration partners and revenue and data share models
 - d. Development of online communications
 - e. Organization structures and business processes
3. Value network partner engagement:
 - a. Identification of suppliers and complementary service providers required
 - b. Business model, rules, processes and revenue share modeling
 - c. Integration of go to market and digital offerings with partners
4. Organizational readiness which demonstrates:
 - a. Use of technology and tools to increase agility and operational efficiency
 - b. Ease of sharing and utilization of business rules defined with value network partners
 - c. Customer-led innovation and responsiveness
 - d. Consistent execution of digitalization program and project requirements
5. Integrated delivery and communications plan providing regular personalized information and services to each stakeholder audience (customers and potential customers by segment, value network partners, shareholders, employees and the market).

About Next Step

Next Step, based in Silicon Valley with Europe subsidiary, delivers revenue and valuation growth for global organizations needing to scale and transform. Since 1997, Next Step's 40 professionals with hands-on experience in sales, marketing, leadership and innovation have delivered measurable results for Adobe, Avinor, Cisco, Comerica, Google, Genetech, Goodwill Industries, LiveNation and hundreds of other organizations.

For more information, visit Next Step at www.nextstepgrowth.com or call 1 650 361 1902 or (47) 902 30 982.