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Almost everything we do in today's business world involves one risk or another: customer habits change, new competitors appear, market gets saturated and strategies fail. These and more can stagnate your business growth. Formal risk analysis can help you assess the risk factors and suggest solutions to minimise disruptions to your business plans. It will also help you to decide whether the strategies you apply to control risks are cost-effective. To find out more, email info@leaderonomics.com

As former editor at Leaderonomics, Sandy Clarke emphasised the importance of all things digital, and has been delighted to see Malaysia's top social enterprise embracing the demands of digitalisation, from communications to online learning services. To connect with him, email editor@leaderonomics.com

By SANDY CLARKE editor@leaderonomics.com

WE live in an age of advancement more rapid than any other time in history. The potential of today's technologies are so vast that they are capable of reshaping our very being and reforming our reality.

The speed and level at which advancements have been made across a number of industries has been astounding.

New digital technologies have helped to transform neuroscience, artificial intelligence (AI), information technology (IT), health, agriculture, communications, education, and defence, to name just a few.

A two-part question that might be on the lips of business leaders as they navigate the so-called Fourth Industrial Revolution (Industry 4.0) is: "How does digitalisation affect different industries – and what considerations should be made to maximise potential opportunities?"

First, it's helpful to get an idea of which industries have been most affected by "going digital".

Every year, executive search firm Russell Reynolds Associates surveys over 1,500 senior executives to understand how digital is transforming talent and leadership needs in organisations.

In its most recent Digital Pulse report (2017), the findings suggested that "companies across all industries are expecting continued disruption, but financial services, healthcare, and industrial companies are bracing for the most significant change."

Over the course of the last few years, media, telecommunications, finance and retail have experienced the most significant disruption; followed by insurance, customer products, non-profit, business and professional services.

Focus of Digital Strategies over the next 12 months
77% — Implementation of new consumer/client experience and engagement tools and systems
71% — Collection of customer or operational data
70% — Use of new marketing channels
64% — Development of consumer/client insights
63% — Back-end operational improvement
51% — Creation of additional business units/revenue

(Source: Russell Reynolds Associates)

### CHANGE HAS NEVER STOPPED

Technological disruption isn't new – it has been taking place since the advent of the first industrial revolution, which took place between the mid-18th and 19th century.

In the early 20th century, Henry Ford created the first-ever moving assembly line for building his Model T cars.

When the cars were initially built in 1908, it took around 12 hours to make one car. By the time the last Model T was built in 1928, the assembly lines were sending out one car every 27 seconds across Ford's automotive plants.

The game changer offered up by Ford revolutionised the car manufacturing industry, and serves as a portentous reminder to business leaders today in light of Industry 4.0: change is constant and ongoing – you can either embrace the digitalisation of industry, or you can drag your feet and be left playing catch-up.

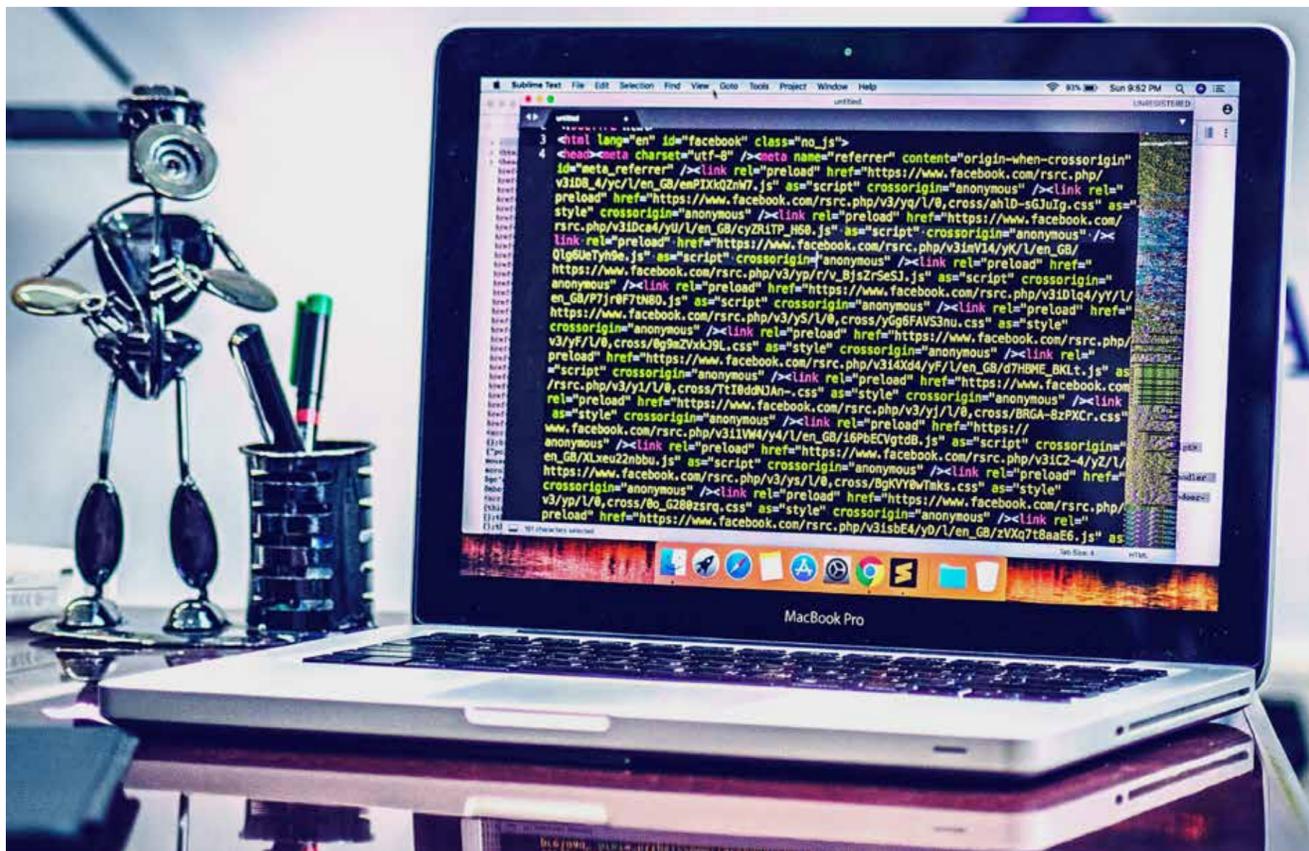
### FUTURE OF WORK

One of the biggest considerations of preparing businesses for Industry 4.0 is getting employees ready for the changes that will be necessary for a successful integration between offline and online engagement and practices.

In 2015, European Economic and Social Committee rapporteurs Wolfgang Greif

# DEEP IMPACT, DIGITALLY

## IS YOUR INDUSTRY AFFECTED TOO?



and Leo Hannes noted some key considerations about the effects of digitalisation on employment.

In one article they wrote: "As new technologies require specific skills, adapting vocational education and training, including lifelong learning, is an immediate policy challenge that needs to be met in order to support workers in adapting to digitalised forms of work."

This observation points towards the importance of being agile and adaptable as we gear up for the Future of Work, which has been defined in one instance as "a blend of technology and social drivers that are creating the conditions for a radical rethink of what it means to work."

### IMPACT ON VARIOUS INDUSTRIES

In 2016, the World Economic Forum (WEF) and Accenture published a report, *Digital Transformation of Industries: Demystifying Digital and Securing \$100 Trillion for Society and Industry by 2025*.

It was aimed at addressing the challenges that need to be understood by industry leaders, and the opportunities that can be gained if businesses prepare sufficiently for Industry 4.0.

The WEF report looked at how digitalisation has transformed and will continue to transform industries, focusing on six in particular, and provided insights on what industries across the board can learn from digital transformation.

Let's take a look at three of those industries and the considerations raised by the digital disruption:

#### 1 Consumer

Consumer industries, on aggregate, make up "the largest industry with a global

market size of over USD15 trillion, from agriculture to retail."

The report reveals that, every day, roughly a third of the world's population use the products of one global consumer products company.

With themes opened up by digitalisation, such as consumer data flow and value capture, experience economy, and omni-channel retail, the report poses two questions for the industry:

● With over USD600 billion at stake for industry and USD2.8 trillion for society, e-commerce is the single largest digital initiative we have identified across industries so far.

Internet access and last-mile delivery are critical to realising this value, so how can consumer, telecommunications and logistics industries collaborate to realise this potential?

● The sharing economy is estimated to have over USD2 trillion of societal impact. What innovative business models can incumbents deploy to increase second-hand goods sales while also fuelling 'new demand' growth?

#### 2 Media

Media has been considerably more disrupted by digitalisation than any other industry, and the wealth of information provided via online media platforms (such as social network and blogging sites) has created a lot of noise in cyberspace.

However, amid the chaos, there is a tremendous opportunity for organisations to create high-quality content to engage their existing and potential customers.

Never before has there been autonomy on such a broad scope for business leaders to tell their stories in a unique, creative, and cost-efficient way.

As noted by the report: "Digitalisation has unleashed an explosion of content that is fragmented across multiple channels and platforms."

"There are significant opportunities for media enterprises if they can successfully personalise their content and adverts to engage the user, create new services that bridge the physical and digital worlds, and industrialise their content production and monetisation processes."

#### 3 Healthcare

As time goes on and old problems are solved, fresh problems are quick to rear their heads as new environments present themselves.

While healthcare might not immediately spring to mind when we think of digital transformation, the industry is undeniably in need of being revolutionised if it is to continue providing high-quality healthcare.

Writing in an NHS England blog post (December 2017), Juliet Bauer – NHS England's chief digital officer – observes: "In health... digital apps and products have enormous potential to empower patients to take control of their healthcare and improve the services we can offer."

"That's my aim and the aim of the teams across NHS England and NHS Digital – to provide digital services, alongside and integrated with traditional services, so people can take control of their own health and we can increase access."

The WEF report concurs with the importance of healthcare utilising the power of digitalisation to improve the standard of health services, staff and patient communication.

"We have identified four digital themes – smart care, care anywhere, empowered care and intelligent healthcare enterprise – that

will be of crucial importance to the digital transformation of healthcare over the next decade.

"Our recommendations for businesses include formulating an outside-in strategy (through shifting the focus from managing inputs to delivering medical outcomes), creating a culture of iterative innovation and championing the customer experience."

### DIGITALISATION AND ITS CHALLENGES

If digitalisation brings plenty of opportunities to the table for industry leaders, it has also brought many challenges – not least of all when it comes to engaging with customers.

In the early 1990s, when the Internet started to penetrate people's homes, users were content – excited, even – to hear that otherworldly sound of the dial-up connection, and wait patiently for websites to load.

Sometimes, it could take as much as a few seconds for a web page to load – how fast it seemed at the time.

And of course, the phone line wasn't always stable: as a result, the connection could cut at any moment; however, that seemed a reasonable concession to make for "surfing the net".

Today, we want everything done online now and, if a page or an app is one-hundredth of a second slower in loading, we notice and can feel it.

### IMPACT ON CUSTOMER EXPERIENCE AND BEHAVIOUR

When it comes to customers, digitalisation has enabled instant connection with brands and organisations.

Happy customers are those who are able to message a company with their feedback and get a response (or better, a chat) from a

representative in real time.

And it's at the organisation's peril if customers are left waiting – there are plenty of other businesses out there waiting to welcome disgruntled customers with open arms.

In a report by Ernst & Young (EY) – *The digitisation of everything: How organisations must adapt to changing consumer behaviour* – the consultancy firm warns industry leaders that digitalisation has put the power of information in the hands of the customer, and that organisations must consider this fact when engaging with their target audience.

The report notes: "As well as relying on brands for pricing information, consumers also used to rely on brand communication and brand values to make informed choices, but this is increasingly not the case."

"Today's consumers trust each other more than they trust corporations and/or brands (78% of consumers trust peer recommendations versus 14% who trust advertisements)."

"They advise each other, and what's more, they heed each other's advice."

It goes on to encourage organisations to take the initiative to "embrace the shift in consumer power and find ways to make it work for mutual advantage."

After all, if brands and organisations can perform well across their digital strategy, services and communications, and if they can present an authentic message and willingness to give their customers value for money (and more), then digitalisation truly opens up a virtual pot of gold for industry leaders.

They can use this new state of play to serve the needs and interests of both company and customer, potentially transforming consumers into what EY calls "prosumers".

### THE RISE OF THE PROSUMER

A Prosumer is a term used for a consumer who is unusually interested in products/services of a brand.

Prosumers will dedicate their spare time to upload reviews and comments and respond to other reviews and comments about the product.

Some prosumers will record YouTube videos to help other users with technical service issues of a particular product.

These individuals can be very useful sources of product development ideas, or can be incentivised as a low cost provider of technical service to other consumers.

### IN ESSENCE

Across all industries, organisations and brands are facing radically new societal and economic challenges thanks to the rapid pace of change brought about by the digital space.

One truth about the future has always been certain: everyone may speculate about what's to come, but no one knows for sure what triumphs and disasters will spring forth in time.

The Digitalisation of Everything has made an indelible impact on the way we live our lives, and the way we do business.

Although the effects might vary between people and industries, the value of digitalisation won't be fully realised for some time to come.

However, the challenges can be reasonably well estimated by leaders who choose to pay close attention and prepare accordingly. As Deloitte's global chief innovation officer Andrew Vaz warns: "In today's world of exponential change, organisations that get too comfortable with the status quo are at major risk of disruption."

"If you're not experimenting and, as a director, if you're not asking questions about how your organisation is navigating and plugging into disruption, forming new ecosystems, and tapping into open markets, then your organisation is at risk."

"In the area of talent alone, if you're not leveraging talent outside your organisation, you'll never win the war of ideas because the smartest people in the world don't work for you."

## A FRESH PERSPECTIVE

### EASTERN PHILOSOPHY IS YOUR KEY TO DIGITAL TRANSFORMATION

By JESPER LOWGREN editor@leaderonomics.com

THE principles of Eastern philosophy is like the digital world. And different to the principles of Western philosophy. In essence, Eastern and Western philosophy have little in common. It is hard to make comparisons, because they ask and answer different questions of life.

Western philosophy appeals to the mind. Eastern philosophy appeals to the heart.

This has been a stalemate for more than 3,000 years. But today, there is a new kid on the block.

It is called *digital*, and it is infiltrating our business, personal and home lives. It tries to connect everything and make it *real-time*. Digital leads to instant decision-making, human and machine alike. It makes everything go faster.

Which means there are more surprises. And more uncertainty.

### BRIDGE OF NEW UNDERSTANDING

Eastern philosophy provides a bridge of understanding, i.e. how to look at the digital world from a new perspective. And how to approach increasing change and disruption.

Western philosophy is about proving something right. This is core to Western thinking and has resulted in a science-based culture.

We value evidence; what we can prove; what we can measure. Anything that supports a true/right vs wrong/false classification.

Eastern philosophy comes at the problem, and life, from a different perspective. It finds evidence somewhat meaningless and is more interested in the life experience itself.

Does it hold true to us personally? If yes, then it's true, otherwise it's false. Whether it holds true for others is of less interest.

### AREAS OF COMPLETE INCOMPATIBILITY WITH NO MEET OF MIND

Table 1 shows the *similarity* between the digital and Eastern worlds. And their *differences* with the Western world.

### YIN/YANG THEORY THROWS A DIFFERENT LIGHT ON THE DIGITAL DISRUPTION

The key building block in Eastern philosophy is *Yin/Yang*. Yin/Yang theory does not try to prove something right.

Instead, it tries to understand the core of a problem, by understanding its *polarities*.

Table 1

WESTERN WORLD	DIGITAL WORLD	EASTERN WORLD
<b>Quantified and measured.</b> Example: An electron can be measured via its size and weight.	<b>Unquantifiable and unmeasurable.</b> Example: What is the weight of a 1 (on)? Or the size of a 0 (off)?	<b>Unquantifiable and unmeasurable.</b> Example: If an experience is personal, what is the point of comparing it to someone else's?
<b>Finite and limited.</b> Example: Finite number of books can be printed out at any given time before trees run out.	<b>Infinite and unlimited.</b> Example: Infinite number of e-books can be produced at any given time.	<b>Infinite and unlimited.</b> Example: Access to inner peace through meditation when needed.
<b>Unique.</b> Everything (snowflake, raindrop, etc.) is unique if studied closely.	<b>Common.</b> Everything can be copied and hence uniqueness cannot exist.	<b>Unique and common.</b> They are just polarities and both are true.
<b>Slow and predictable.</b> Change is under control and forward planning is possible.	<b>Fast and unpredictable.</b> Change is out of control, disruptive and constant.	<b>Fast but manageable.</b> Master purpose (what is important), master agility for everything else.
<b>Competitive and exclusive.</b> Clarity on customers, partners and competitors, with a little mix in between.	<b>Connected and collaborative.</b> Clarity on purpose, to attract like-minded and like-hearted for collaboration and co-creation.	<b>Connected and interconnected.</b> Clarity on purpose and ability to see the larger picture and one's role within it.

The two opposites that make one. Because the more we understand, the better choices we make.

Our most important issue is increasing *change and disruption*, both personally and in business. Never before has it been harder to stay ahead and remain relevant.

How do we survive and prosper in a world where everything is changing? And change velocity is increasing?

Yin/Yang theory seeks to understand the problem, increasing change and disruption, and its polarity.

And poses the question: what doesn't change? Or changes least of all?

The answer is our **purpose**. All things being equal, our *purpose* changes least of all.

Our purpose is how we navigate change and disruption. Our purpose is our stake in the ground, the declaration of who we are, where we are going, and who we want to go there with.

### OUR PURPOSE IS THE GLUE THAT HOLDS US TOGETHER

Our purpose is analogue as it needs to touch both mind and heart. But what is the polarity of purpose?

Easy, of course, it must be *increasing change and disruption*. But of course, it isn't.

Because now the question is a little different, and Yin/Yang theory allows us to change things as we go. Now the question may instead be: what is the polarity of mastering our purpose?

To master our purpose, we must also master its polarity – *change*. And to do that we need to be *agile*.

*Purpose and Agility are two key polarities for success in the digital world.*

And **that** is the connection between the Eastern philosophy and the digital world, where success rests on creating two new capabilities:

1. Identify our purpose to differentiate, and attract *like-minded* and *like-hearted*.
2. Create our agile platform for the digital world, to scale our purpose and make a real difference.

■ *Jesper is a thought leader who works to transform businesses in the digital world and economy. To engage with him, email us at editor@leaderonomics.com.*

In Chinese philosophy, Yin and Yang describe how seemingly opposite or contrary forces can be complementary, interconnected and interdependent. Check out the Yin and Yang coaching and mentoring here: bit.ly/Yycoachmentor