Loss of competitiveness: the other face of “non-digital transformation”

Is “non-digitalization” an option in this context? There is a day-to-day increase in the number of companies that resisted change, could not adapt to it in time, or have suffered a form of disruption in their markets and no longer exist.

After the experience accumulated with clients in different industries, we at Making Sense have learned firsthand that a process of digital transformation undertaken with a strategic vision, supported by higher management and applied throughout the company, is an inexhaustible source of value for any company. From an increase in profitability associated with higher client loyalty that results in a better experience, to new products and services based on digital platforms, to cost savings, efficiency increases, or development of more sustainable businesses, to name just a few of the most common examples.

In the same way, refusing to go through a digital-transformation process or doing it inefficiently has generated huge risks for organizations.

Obsolescence of the business model

Demanding and well-informed consumers, who have everything they require just a click away, need the companies they choose to offer them experiences consistent with their digital life model. In this context, the obsolescence of business models is one of the high risks organizations take if they delay their transformation processes.

By way of example, let’s consider clients who can buy a product manufactured anywhere in the world with their mobile phones. Imagine they can experience it with an augmented reality tester before buying it, pay it digitally and safely, and know they know they will receive it timely. These clients will not feel motivated to go to a store in person, where they will not have any of those same advantages. In addition, stores only service clients in their area.

Frictionless and intermediary-less transactions are increasingly prevalent. From buying car insurance or getting a bank loan to buying a house, consumers need to resolve these things in just a few steps, from wherever they are and with the device of their choice. The business models resulting from digital transformation are characterized by simplicity and flexibility.

Costs in rapid growth

The word obsolescence does not apply only to the business model. Technology infrastructures and heritage systems follow the same logic, generating operational problems, high maintenance costs, and safety risks.

Non-digitalized processes will continue to be inefficient, with their error-prone manual structures. In these cases, collaborators take up a good portion of their time and efforts to complete activities that could easily be automated. Clear examples are controlling vouchers to settle personnel expenses or looking for lost data in emails and spreadsheets when there are no common-data repositories.

In all cases, the result is always the same: less productivity and higher costs.

Loss of interest

We say that clients have lost interest when the company insists on using “analog” business models. This case also applies to talent and investors.

New generations look for purpose in their workplace. Their motivations go beyond their salary. They need flexible places to deploy their creativity and innovation and where new challenges are the order of the day. Nothing is less attractive than joining a company stuck in the past. More specifically, the use of old-fashioned technology tools and processes that are inexplicably complex and inefficient is an obstacle to the productivity and commitment of collaborators.

The case of investors is even worse. Investors are not likely to bet on a company whose business models have fallen into disuse, which are incapable of attracting clients, talent and which face high operational costs. In other words, these companies are not in the least competitive.

Out of market

Digital transformation implies risks. It is necessary to establish a long-term plan, commit to a significant investment, modify the organization’s culture and realize that many of the initiatives implemented will not yield the expected results. The role of a technology partner such as Making Sense is key to analyzing the value of every move from its inception. It is not a question of incorporating technology but, rather, of thinking from the outset how to prepare the business for what the future will bring.

However, the greatest danger is non-digitalization. The business world is filled with “Blockbusters.” These are companies that have suffered a form of disruption in their market and yet insisted on a business model that consumers had already turned their back on.

We are not talking about a luxury or a fad. It is the formula for survival and the road to staying competitive in the future.