

Creating Value in a Digitised Economy

A look at some of the measures that can help firms stay ahead of the curve even as new technology offers novel solutions to age-old problems



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As digitisation, automation and other technological advancements transform the global economy, well-resourced incumbents in industry after industry are losing out to start-ups.

This is the reason disruptive technologies are important to business leaders - for the first time, technology impacts every sector of the economy, be it retail, financial services or manufacturing.

We have seen new business models of the 21st century successfully created through harnessing their ability to reach into people's lives, using software that generates information on customers' habits and usage patterns. These "digital relationships" provide a new, deeper level of intimacy, allowing the firms to personalise their offerings to better meet the needs and demands of their customers.

On the other hand, we have seen companies with traditional business models struggle to take

advantage of opportunities to deepen their relationships with customers. Why do so many well-resourced, well-established companies fail to keep pace with digital native challengers?

The failure stems partly from how hard it is to walk away from a successful, tried-and-tested business model. But there's another subtler reason - the new disruptors know more about customers, because they have access to better information.

DON'T JUST COLLECT DATA, CREATE VALUE

The ability to connect on a personal level with customers creates great opportunities for companies to capture information about their target market, which in turn allows them to supply new products and services that meet their customers' needs, building strong feedback loops.

However, this goes beyond simply opening up access to a company's technology base or seeking its customers' help in product development. Rather, value is created by the consumer's participation.



Many successful social media, transport and holiday accommodation apps became popular because they were designed to deal with the experience space. They focus on the individual learner and are sensitive to the pace and contexts in which individuals learn.

Equally important, they allow users to interact with their system through a simple, interactive interface. These dimensions help place the individual at the heart of a co-creation experience.

The rapidly changing behaviour of today's consumers and businesses have made us all marketers: the critical moments of interaction, or touch points, between companies and customers are increasingly spread across different parts of the organisation.

Hence, positive customer engagement requires commitment from the entire company - it has become everyone's responsibility.

BECOMING A DISRUPTIVE FORCE

Businesses need to find a way to disrupt their own industry before an incumbent competitor or an unknown renders their primary business model or core product obsolete.

Successful businesses have done so in the following ways:

- Re-position core capabilities to stay relevant.

Business owners have to be willing to forget the past when planning for the future, focusing on developing roles and capabilities that appeal to a broader and more diverse array of potential partners. They should think differently about competition within and beyond traditional industry boundaries.

- Thrive on disruption and adapt business models to continuously exploit capabilities within a broader network.

The goal is to become indispensable, the enduring partner of choice. In some cases, this means divesting or spinning off parts of the business that are too industry-focused, and at the same time using new acquisitions to access the talent and capabilities they need to appeal to a broad array of partners.

- Adopt digital solutions to foster real-time collaboration with partners, customers and even competitors.

In doing so, businesses re-examine both their entrenched business processes and also their corporate culture to make external collaborations simple, effective and routine.

Most importantly, they adapt their operating model while staying focused on their long-term success.



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BUILDING FUTURE-READY ENTERPRISES

It is an exciting time for local enterprises. New technology such as data analytics, the Internet of Things, augmented intelligence and autonomous systems offers possibilities for societies to solve age-old problems in novel ways. This is especially since Singapore is at the forefront of exploiting these possibilities with our Smart Nation vision, mobilising people and organisations towards embracing the use of technology to improve our quality of life.

It is crucial for companies to continuously review their strategies, business and operating models to meet customers' needs. Companies that fall short of this requirement may fail to ensure their survival or continuity, no matter how established they are.

Further, it is important to cultivate a culture of getting feedback from customers, embrace new ideas within or outside your industry and keep an eye on how the latest technology can impact your business. These measures can go a long way in helping your company stay ahead of the curve.

The next few years represent an exciting time for Singapore-based businesses. To disrupt or to be disrupted, the choice is yours.

How we can help

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