

How To Bring Your Company In The Digitally Connected Age

Author: Kudzai Derera . May 2020

Some companies still have a way of doing things as they did in the 20th century. They want to market the same kind of goods that people purchased 50 years ago, and they work just as they did two generations ago. Unfortunately, the traditional product-making days are no longer for them. Having manufactured and sold a product for some 200 years has been a simple method of importing raw materials, taking care of labour and manufacturing, and then selling the product. Today, the point of sale is just the beginning of continuous exchange between businesses and their customers. As authors [Eric Schaeffer](#) and [David Sovie](#) see it, today companies need to sell not just any products, but Product X.0s – digitally linked smart products that have valuable customer experience.

Any company that is keen to thrive in the marketplace today must heed certain digital imperatives if they're to experience the growth and prosperity in the years ahead. These three digital imperatives are:

1. The need to transform the core of the company to match the digital era
2. Companies need to shift their focus from product features to customer experience
3. Changing the way the company approaches to research and development

The need to transform the core of the company to match the digital era

A company's many facets must be digitally connected – and with customer feedback – every step of the way. This involves getting a ready-made digital workforce which is ready, willing and able to be fast and versatile. Today designs can be checked easily with software designed to detect issues before they occur. Bringing a product to the marketplace from the concept is easier than ever before. And once a product is in the hands of the consumers, software updates are not unusual to start rolling out the very next day. Your workforce needs to be able to function following this form of an environment which is constantly evolving.

In the same vein, the company needs to be aligned with the economy of performance, and step away from being product- and point-of-sale-minded. Your whole business strategy will concentrate on building interactions and maintaining long-term consumer relationships, rather than looking at the selling point as the end goal. This also means making sure the business is run with the understanding that staying afloat can require multiple pivots. If improvements need to be made, you need to develop your organisation in a way that makes them fast and easy.

Companies need to shift their focus from product features to customer experience

For companies to succeed in the modern world they need to change their attention from product features

to customer experience. Some big changes need to take place if you intend to take your business out of the dark ages and into the new, digital world. One of the most critical ones is to move the attention away from goods as we have historically known them and towards the customer experience ongoing journey. Let's just assume that you are making cameras. Camera-makers may have generally spent the bulk of their time and energy thinking about new features they could add on the camera to make it stand out on the marketplace. But that is just one step to take today.

The experience of a customer begins with discovering and searching for the kind of camera that best suits them, so it's important to know what your customer is looking for, including the kinds of cameras they're after and the kind of feedback they're looking for. Next, you should also remember how easy it is to find and check your product for the consumer-what is the experience in the store like? There are several more things to remember after a sale is made: What is it like to open the package after you've shipped it? How about actually using your product and sharing that experience with others? How easy is sharing photos when you're selling cameras? What's it like trying to get suggestions on how to get the best experience with your product possible?

Finally, you need to consider all potential upgrades and software improvements that will allow customers to continue adding value to their purchase as your partnership with them continue to be improved. Think about Tesla cars and how the company is constantly updating the car's running software, and how that continuous stream of improvements can make a Tesla of years more valuable than it was when it was first purchased. That's the sort of business strategy change that today's businesses need to make to compete with the best. Companies will begin to think of their goods as utilities and become platform-oriented. Netflix, Tesla, Uber, Apple and many more of today's most popular companies are all offering goods that are services, and this is a trend that will only accelerate as more companies look for ways to keep consumers interested in the long run.

Changing the way the company approaches to research and development

This is important because it is less about a customer who owns a product, and more about the ongoing relationship that comes with them using that product, in the experience economy. Research and development are more of an afterthought than a major priority for some legacy businesses, but in today's increasingly digital economy, research and development must be at the forefront and centre. Software and technology are constantly changing, so you need teams dedicated to keeping up-to-date with the latest developments, testing new opportunities, implementing changes and monitoring feedback. The quality that you offer needs to be continually enhanced.

Platforms are one field which needs an even bigger kind of change. The simple fact is that most of today's top corporations belong to some kind of network-either one they have built or one they have entered. The key outlets for most app-based companies are Apple's App Store and Google's Play Store. Huge tech-based companies such as Amazon and Alibaba also have platforms that allow them to gain popularity and visibility by putting together businesses as part of a powerful network. In certain instances, channels provide you with a simple way to periodically update clients who are subscribing to your service. In other cases, a platform may be a way for your business to form a mutually beneficial partnership with other businesses.

For example, many car companies, including BMW, Renault, and Nissan, are creating platforms for their vehicles which integrate weather services from one company, artificial intelligence like virtual assistant technology from another, and streaming entertainment from another. The potential for developing your platform and bundling technology together in this way is obvious, but considering existing systems can also be a great match if doing so is not within your ability. Today's businesses should also move their attention to AI and develop an agile operating model. You've probably heard of recent advancements in artificial intelligence development, or AI, particularly when it comes to advanced algorithms that allow services like Apple's Siri and Amazon's Alexa to learn preferences and anticipate user needs.

But AI is more than pure digital assistants. That is why it is also necessary for all businesses to embrace AI. AI has four human-like abilities these days:

- It can experience things as it does when doing facial recognition;
- It can understand things like language and verbal commands;
- It can behave like it does when making recommendations;
- It can know.

All of these capabilities make their way into one sector or another and any company that wants to neglect AI may be left behind. Around 70 per cent of manufacturers around the world currently recognise AI as a key component of their future innovation and development. Yet only 19 per cent of those firms have put forward a straightforward and precise roadmap for using AI. However, AI has made a strong contribution to adding value and driving growth for the companies that have already added it.

For example, take the smart speaker. Only a few years ago this was an inexistent technology, but in 2018 alone about 56 million smart speakers were sold worldwide. Meanwhile, analysts say that only in the years ahead can the use of voice assistants and smart, digitally linked household appliances continue to grow. For businesses, this takes us to one last major shift: to avoid thinking linearly and to concentrate on developing an agile operating model. In the future, the industry and technical environment will continue to evolve rapidly, and maintaining conventional top-down hierarchies will make it impossible for teams to operate quickly and make the required decisions. Amazon founder Jeff Besos advocates for small, strong, product-oriented teams with an innovation focus. As he sees it, experimenting twice as much will lead to double as many ideas. Amazon also has a "two-pizza" rule - it's too big if your team can't be fed by two pizzas.

Your company's roadmap to success

There are seven key action points on this roadmap for transitioning into a successful product-as-a-service company:

1. **Define your vision and the importance that you have to offer.** What kind of experience does your company deliver? Be clear about this, and know exactly what type of connected product you sell.
2. **The digitalisation of your core business.** This means enacting all of the shifts, pivots and

structural changes that we've been through. This may sound like an expensive move for legacy companies accustomed to doing things in a conventional top-down manner. Fortunately implementing a digital transformation program usually ends up cutting costs, which means the transition pays for itself effectively.

3. **Specify your experience with the product and how it relates to your company.** For instance, how much data do you get from how the customers interact with your product? Do you have adequate data storage and a strategy to use it and benefit from it? And, most critical of all may be, are your data safe enough?
4. **Create a workplace and a workforce designed to accelerate your new business and allow your vision to be executed smoothly.** Note, a digitally oriented organisational culture encourages fast research, learning and moving new ideas forward. Instead of thinking of your business as a manufacturing factory, the authors propose to think of it as an "innovation centre for product and experience."
5. **Remove the blockers which keep the teams separated and ensure that everyone works with the same data and objectives.**
6. **Track your results, and be able to change your course constantly.** Smart, connected products provide endless feedback streams. It is important to set up teams and programs to evaluate this data and act upon it.
7. **There is no time like this one, so launch your pivot right now.** This means a certain process of production which begins with the refinement of a product idea and then moves on to constructing, testing and learning from the initial iteration of the product. Next comes the product design, implementation and assessment. The product continues to develop by monitoring outcomes at each point.

Currently, we are witnessing the emergence of the outcome economy, where many of the world's biggest businesses are doing business. We build goods that operate more like utilities, which are marketed based on their experiences. Such goods-as-services are all smart goods that operate as part of a network and are digitally linked. They provide entertainment, information, transportation, shopping experiences and AI-assisted software services which can make life a bit easier. Any company can transform, change its operations and start manufacturing today's smart connected goods.

Kudsai Derera is the Business Systems Manager at Industrial Psychology Consultants (Pvt) Ltd, a management and human resources consulting firm.

LinkedIn: <https://sw.linkedin.com/in/kudsaiderera>

Phone: +263 242 481946-48/481950

Mobile: +263 773 523 084

Email: kudsai@ipcconsultants.com

Main Website: www.ipcconsultants.com

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<https://thehumancapitalhub.com/articles/How-To-Bring-Your-Company-In-The-Digitally-Connected-Age>