

# Innovation is no longer a "nice" to have

The level and pace of disruption driven by technology is unprecedented. Indicative of the magnitude of this disruption, in the McKinsey report, *Winning in an era of unprecedented disruption: A perspective on US retail*, Jess Huang, Sajal Kohli and Shruti Lal speak of the "retail apocalypse".



Khaya Mbanga, the Group Digital Transformation and Technology Director at Servest

5G, IoT, Artificial Intelligence, Machine Learning, blockchain and ledger technology are impacting on the way in which business as we know it operates. No industry or country is exempt from its impact.

Ironically, while the number of brick and mortar retail outlets in the USA which are closing, now outstrips the number of new stores opening, digital disruptors such as Amazon (valued at \$1 trillion and the world's most valuable public company, Spotify, WhatsApp, Skype, YouTube (now the second largest search engine), Alibaba, Amazon, Google, Tencent are going from strength to strength.

Without a doubt, technology is opening opportunities for startups, some with very minimal funding. Startups can now compete with established players, push others off the grid and impose immense pressure on others. These new industry players are shaking up business as usual.

Anyone with enough will and vision can access services through the cloud, and these new technologies are hurting established businesses that have not caught on to some of these digital trends, or fully transformed their systems. Smaller agile businesses are using technology and new business models to change the way in which different industries operate.

Technology has removed the need for deep pockets to establish a business. Uber and Airbnb are a case in point. In 2019, Uber was valued anywhere between \$62m and \$100m; it is the world's highest-valued private startup. Remarkably, the company's market capital exceeded that of the Ford Motor Company and General Motors (GM).

Now more than ever, there is great pressure for conventional and the so-called established businesses to reinvent, rethink, and relook their digital strategies to ensure that they are ahead of the curve if not on par with it; because the bottom line is those who don't change will be left behind.

## **Digital transformation in the facilities management sector**

The pace of innovation in facilities management has been outstanding and cannot be ignored. In some parts of Africa not as fast as in others, but where innovations have unravelled, they have found spaces to really transform the way in which work is done.

In the last decade, the biggest innovation in the facilities management space has notably been in the rise of smart buildings, an increase in sensor technologies and the integration of services to enhance productivity and improve workspaces.

For those companies that have fully embraced what digital transformation can achieve, we are already seeing the results of taking an integrated approach to managing spaces, equipping people and integrating processes and technologies to work seamlessly together for businesses to improve their bottom line.

Where facilities are incurring high costs and posing great expense for businesses companies must consider integrated facilities management and explore strategies that leverage the full potential of technology to address their business problems and facilities challenges. It is in integration where companies can begin to realise major cost savings on facilities.

In the last decade, the biggest innovation in the facilities management space has notably been smart buildings. Smart buildings have transformed workspaces, with ripple effect benefits to a business. Remote operations are allowing for more flexibility, better assets management of buildings resulting from less traffic in buildings, better space planning and energy management resulting in energy savings, among others.

From the inbuilt to the external environment, a number of touchpoints impact a business and its people. Companies need to leverage technology to improve their way of doing things, transform their workspaces to meet the needs of today and tomorrow's employees, in order to improve retention and drive productivity; not because their current offerings or spaces are not working, but because what is currently working today may not work in the next quarter, or in the next year.

Conventional industry competitors are no longer coming from within one's own industry – they could come from any industry, or from one that doesn't even exist yet; and they have the potential to scout any employee given what they can offer.

Uber and the taxi industry, Airbnb and the hospitality industry, and Amazon and traditional brick and mortar retailers are classic examples.

## No longer a nice to have

Digital transformation is impacting on every industry and its impact is being felt in industries as diverse as education and hospitality, health care and gas and oil, facilities management and aviation, financial services and the automotive industry, insurance and construction, customer service, security, real estate, logistics and multimedia.



### Consider your customers in your digital transformation strategy

Brent Haumann 6 Feb 2020



Digital transformation is no longer a “nice-to-have”, an add-on to a business strategy; it must be seen as part of a company’s DNA.

Companies should assess available technologies and establish how these can be used to address challenges in their businesses, make their businesses more customer-centric, improve productivity and efficiencies, make them more competitive and improve their bottom line.

Ideally, CEOs should establish a department or appoint individuals whose responsibility it is to look at what is happening in their field and explore how best to leverage new technology in enabling business sustainability.

Technology must address a business problem; it must add value – and companies need to begin to look at their facilities with a holistic and long term view to ensure that improvements and technologies introduced yield positive results on the people, property, processes and profits.

In this age, business leaders do not have the luxury of adopting a “wait and see” attitude when it comes to embracing technology. The harsh reality is that what works today, may not work in the next quarter – and a strategic approach to digital transformation must be taken to address some of the unforeseen curveballs along the way.

Over the years, we’ve seen companies come and go, there are those who have utilised tech and those who have ignored it. In 2000, Reed Hastings, approached former Blockbuster CEO, John Antioco and asked him to purchase Netflix for \$50m. Antioco declined; he did not recognise the company’s potential. In October 2019, Netflix was the world’s largest streaming company, valued at \$125bn. At its peak, video outlet Blockbuster was valued at \$4.8bn; today only one store remains in Bend, Oregon.

It is imperative to be cognisant of the possibilities that any level of technology offers. It is also equally important to differentiate between an opportunity and a threat. To my mind, a threat is ignoring the technology; an opportunity is taking the technology and doing something with it. We have seen how a number of companies have ignored technology and how this has mapped out. In turn, we have seen how newcomers who have entered a different industry with greater aggression and absorption of technology have come up with some of the most impressive innovations.

## Stretching the digital transformation capabilities across Africa

The proliferation of technology in companies in some countries across Africa is impressive and where such technology has not been introduced opportunities abound.

Countries such as Kenya and Tanzania are on par if not ahead of South Africa in terms of embracing technology. While,

admittedly, the slow roll-out of 5G in Africa is a limitation; we should never lose sight of the fact that digital transformation is potentially a game-changer in Africa. It provides an unprecedented opportunity to boost economic growth and industrialisation, alleviate poverty and improve lives.

The draft African Union Digital Transformation Strategy for Africa (2020-2030) is a very positive development. It recognises that the continent's huge youth population presents an enormous opportunity in the digital era to embrace technology for innovative, inclusive and sustainable economic growth.



## What are the key investment drivers for digital transformation?

30 Jan 2020



---

The AU aspiration to build a digital single market in Africa by 2030 is a lofty aspiration. As business leaders, we need to stretch the capabilities of digital technologies; this is where great opportunities lie. We need to become digital champions.

We need to celebrate and action the fact that in 2018 Dell Technologies Digital Transformation Index ranked South Africa as among the top ten countries leading digital transformation change. We need to constantly embrace agile practices, take advantage of new digital ecosystems, use mergers and acquisitions to build new digital businesses and capabilities. We need to relentlessly drive digital transformation in Africa; with youth at the forefront of some of the continent's untapped markets.

## ABOUT THE AUTHOR

Khaya Mbanga, the Group Digital Transformation and Technology Director at Servest

For more, visit: <https://www.bizcommunity.com>