

Five Things to Understand About Digital Transformation

Here's how by understanding digitization we will be able to revolutionize the way we work and excel in our ventures

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The definition of digital has drastically evolved over the last decade:

- 10 years ago – related to zeros and ones
- 8 years ago – having an online presence
- 5 years ago - having a social presence
- 2 years ago - Social, Mobility, Analytics, Cloud

Today, leaders are talking about 3D printing, Internet of Things (IoT), Robotics and similar advancements in digital technology, which can drastically impact organizations and industries. Many leaders, however, are missing a few key points, resulting in a failure to leverage the power of digital in their business, and becoming irrelevant instead:

- *Digitalization is not just a technology trend.* It is an overarching business transformation driven by a shift in the organizational mindset.

- *Digitalization is not characterized by creating mobile apps and having a social media presence. It is an entirely new approach to business.*
- *Digitalization is not the same as digitization”*
 - Digitization - the process of converting the physical and analogue into something that’s virtual and digital.
 - Digitalization - leveraging technology to create an exceptional customer experience, become agile and unlock new value.

The Era of The Digital Blur

We are in the Era of the Digital BLUR. Organizations leveraging the power of digital are playing by very different rules and are attacking the incumbents from practically every industry. How? They think and act differently, allowing them to thrive in the face of uncertainty, chaos and a blinding pace of change.

What’s causing Digital BLUR?

There are predominantly five factors contributing to the Digital BLUR phenomenon:

Connected Customers

Today, customers are calling the shots, thanks to the wide availability of information on companies, products, services, prices, etc. This is possible because of strongly customers are networked, resulting in their demand for personalization of products and services and are also co-creating products with companies. Therefore, companies are working hard to differentiate themselves based on customer experience.

Smart Technologies

The proliferation of affordable devices and technologies, largely thanks to falling hardware costs has resulted in 5 technologies helping companies create the experience customers want:

- **Mobile** - The biggest enablers of connections between people in the digital age are causing organizations to change their “mobile-first” strategy to a “mobile-only” strategy, allowing them to exploit the sheer reach that mobile phones offer.

- **Cloud-enabled services** – The delivery of on-demand computing over the internet offers unprecedented access to resources and capabilities at drastically low costs, lowering entry barriers and creating hyper-competitive delivery environments.
- **Artificial Intelligence (AI)** – AI promises unprecedented possibilities for organizations to anticipate, understand and react to customer’s intentions much before these intentions can become articulated needs.
- **Internet of Things (IoT)** – IoT refers to a vast network of devices connected to the Internet with the promise to enhance real-time customer experience and unlock new value from data
- **Big Data Analytics** - Big data analytics examines large amounts of data to uncover hidden patterns, correlations and other insights. From TV shows to stock markets to agriculture, Big Data Analytics is being used to derive value from data.

VUCA environment

Today’s business environment is characterized as Volatile, Uncertain, Complex and Ambiguous (VUCA), signifying the transition from a predictable bi-polar world to a chaotic multi-lateral one. In other words, the business environment is changing at an accelerated pace and the sense of constant action without clarity in direction disorients organizations and leaders, further reinforcing the BLUR.

The Great Unbundling

Today, large monolithic value chains are being broken into many small niches that are served by nimble and agile startups, who think value rather than value chain. Without the overheads of the large organization, these smaller companies can deliver their offerings to customers at a fraction of the cost and in an incredibly agile fashion. Technology is further powering this unbundling by cutting out the clutter for the customers, by unlocking and delivering new value that was previously unforeseeable.

The New Breed of Competition

Today, every industry leader is losing sleep over the emergence of a new set of competitors, Google, Amazon, Facebook, Alibaba and Netflix being the most prominent. These companies think, act and attack very differently, leaving

incumbents to play defence and protect their turf, where digital born companies are gobbling up value wherever they find it.

This is a paraphrased excerpt from the book [Clearing The Digital BLUR](#), authored by [Rajiv Jayaraman](#) and published by Wiley. Rajiv is the founder CEO of [KNOLSKAPE](#), an end-to-end learning and assessments platform for accelerated employee development.