

Digital transformation: Should we still be talking about it in 2021?

By [Kevin South](#)

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By now we all know that digital transformation involves using digital technologies to make changes to various aspects of a business. But many companies are already doing this, which is why some think that it's time to stop talking about it. In fact, organisational leaders have become somewhat weary of the term as it has become a buzzword that refers to any kind of innovation in an evolving business environment.



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This scepticism is warranted, but it doesn't mean that digital technologies can't be used to streamline operations, access new markets, and adapt to changes in customer needs and competitor offerings. Businesses may be approaching transformation in the wrong way, leading to expensive mistakes and digital fatigue. To unlock the power of true digital transformation, leaders need to find ways to put digital first, encouraging everyone in a company to start thinking about how they can use digital technologies to add value to the customer.

That's why I think we definitely should still be talking about digital transformation, but with a clear understanding of its pitfalls and potential.



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While integration with technology offers possibilities like increased productivity and decreased costs, the business world is also awash with stories of companies that have invested millions into fancy new tech that either doesn't meet expectations or fails when it comes up against reluctant staff and an anti-tech culture. It's easy to see why people who've had these experiences would think that digital transformation should not be on the agenda in 2021.

Instead of seeing these failures as signs not to embrace digital, business leaders should use them as cautionary tales that they can learn from. Going digital requires some experimentation, occasional failures, and an excellent understanding of your current strengths and weaknesses. It also won't happen overnight, and gradual progress is often more successful, incrementally changing business operations as older organisational priorities shift. Being open and ready for this kind of change is essential, but it's still prudent to approach innovation being aware of the risks.

When [McKinsey surveyed](#) 1,546 executives who had recently driven organisational transformation, 38% of them said that "it was 'completely' or 'mostly' successful at improving performance". Another 30% said it was "somewhat successful" and only about one in ten said that their transformation was a failure - an encouraging sign for all of us!

Digital critics may struggle to envision the execution of their digital ambitions, or believe that they are too far behind to ever transform. This can lead to the misconception that digital would only be a costly and disruptive overhaul with few benefits. Businesses are therefore reluctant to change traditional ways of doing things, but transformation can easily pay for itself in [both increased profits and productivity](#).



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The benefits of going digital

Perhaps the biggest benefit of the digital revolution is the decrease in costs and increase in efficiency. Our recent move away from physical workspaces is a very recent and very relevant example of this, highlighting both the necessity and the benefits of cloud services. More employees have been able to collaborate quickly, easily, and remotely – at relatively little cost or effort from organisations. Partnering with tech companies to manage their online operations has enabled businesses to reap all the benefits of digital while still being able to focus on their core operations and offerings.

Access to different digital tools has also made work faster, easier, and more accurate, which results in massive improvements in productivity. A [2020 study shows that digital transformation is indeed positively correlated with increased productivity](#), as well as economic development and employment, in developing countries.



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It won't always be easy

Although the benefits are there for companies that successfully transform, businesses will need to overcome difficult challenges on their digital journeys. As more businesses go digital, differentiating yourself from your competition becomes trickier. Consumer trends are constantly changing, and it's very easy for customers to switch if they have more options or better experiences with a competitor. Businesses shouldn't see digital as the answer to all their problems; they still need to focus on providing an excellent product to their customers.

They also need to understand that transformation strategies aren't one-size-fits-all; what has worked for one business, won't work for every business. Time and resources need to be invested into re-examining business processes to make sure they work properly before they can be automated or digitised. That's why it is vital to understand both your business and the potential for change that certain technology investments offer.

But it'll be worth it

With the challenges of adopting new digital ways of doing things come even greater opportunities. According to [Gartner](#), 56% of CEOs have said that digital improvements have led to an increase in profits. Digital innovations are not only helping businesses find new avenues for success, but they are also changing culture itself. As our interactions with the world become increasingly digital, so should the way people interact with your business. The future of business will belong to those who seize the opportunity to reinvent themselves first - and that's why we'll still be talking about digital transformation in 2021.

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