

# DIGITAL INNOVATION LEADERSHIP OF INDUSTRIAL ENTERPRISES

Original Voices from Digital Innovation Leaders



# ABOUT THE AUTHORS



Ward Howell International was formed in 1951 in the USA by former McKinsey Partner Henry Wardwell Howell and is today the world's second oldest leadership solution provider. We help clients globally building stronger leadership teams and organizations. Our deeply integrated sector and competence practices offer our clients the in-depth market expertise and right mix of solutions needed to address their leadership talent and organizational development requirements.

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With our Digital Leadership & Innovation practice we have moved beyond the traditional boundaries of consulting to develop deep sector understanding and broad market access in the Industrial, Mobility, Building, Energy & Infrastructure, and Consumer sector. We have even moved beyond the boundaries of our own organization to form strategic partnerships with best of class professional service companies to cater to our clients' digital transformation needs. Our sweet spot are leading product creators, who have aspiration to transform into digital leaders.

## Asia Digital Alliance

The Asia Digital Alliance aims to support Product Creators to leverage the inherent digital innovation potential of Asia and forms a support platform for end-to-end solutions in digital transformation in the region. Building on complementary know-how and core capabilities, our alliance companies provide solutions around research, enablement and building digital business in Asia.

With our Alliance Partners we can provide end-to-end solutions to support Product Creators become Digital Leaders.



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## EXECUTIVE SUMMARY

We find that digital transformation has become one of the main priorities for all businesses we surveyed. Formal digital units exist across all industries and are sometimes, mainly in larger enterprises, supplemented by regional digital competence centres. Companies have begun to digitalize and update their internal processes, while also placing first pilots for customer-facing innovations in their respective markets.

In the coming two years, companies are mostly planning to focus on enhancing their organizational readiness. This includes creating awareness for structural changes across the organization, amending processes, and improving the skillsets and talent at their disposal. At the same time, successfully positioning additional digital products and services in the market and sharing learnings from successful digitalization projects aim to create buy-in from organizations' employees. Looking beyond that, more ambitious goals such as launching entirely new business models and firmly grounding digital practices in the organization - becoming digital at core - emerge.

Companies share many challenges on their path to transforming themselves. The most commonly encountered obstacles include skills shortages, an inadequate mindset among employees, resistance in middle

management, and challenges related to organizational structure and processes. To solve the issues at hand, digital leaders are focusing on attracting digital talent, conducting extensive upskilling programs for existing employees, and adopting agile methodology across the organization. Most enterprises also have plans to further increase customer-centricity. Furthermore, all companies are open to the idea of collaborating with other entities to access new markets and develop new commercial offerings, highlighting the importance of open innovation for companies.

The strongest discrepancies between respondents emerge with regards to their regional efforts towards digital innovation in the Asian markets. While a few have already established formalized digital units, others are only now starting to invest into regional digitalization efforts. Localization of digital transformation initiatives is viewed as vital for success, but due to lack of resources and experience most efforts in this field are still nascent. There is, however, clear recognition of Asian regions not just as markets, but also as a growing source of innovation, particularly in IoT and mobile technologies.

## THE RESEARCH NICHE

In our view there are two areas that deserve further attention in the context of digital innovation and transformation: Firstly, there is a lack of original voices of leaders who are first-hand driving forward the digital transformation within their organizations. Secondly, it is becoming increasingly evident that the digital transformation challenge is not predominantly a strategy challenge, but an organizational and leadership challenge.

**“In today’s era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that’s it. Because nothing else is sustainable, everything else you create, somebody else will replicate.”**

*Jeff Bezos, founder of Amazon*

### Original voices

During the last few years, some research has been published on the topic of digital transformation, mainly by consulting practices and academic publishers. There is, however, a shortage of publications that give sufficient room to the original thoughts and concerns of individual leaders who are tasked first-hand with overseeing digital innovation and transformation efforts in their organisation. Making such voices audible is especially important in this regard, since most prior research indicates that there is no consensus on how to embrace the challenges set forth by the digital transformation. This lack of congruity holds true not only for companies operating in different countries or across different industries, but even for companies of comparable size operating in the same industry. Since the first digital champions are only now starting to emerge, there is no single blueprint for achieving success in this field, especially when taking into account the vast differences this transformation is projected to elicit across sectors. Thus, in conducting this research it was our aim to give ample space to the experiences of those who are immersed in leading digital transformation in their daily work. We believe that our research highlights not only the similarities, but also the contrasting assessments and priorities companies have when confronting the digital transformation.

## **Organizational readiness, not strategy**

The key obstacle towards successful digital innovation is not strategic direction, but rather insufficient organizational readiness of companies to drive and absorb this transformation. As the saying goes:

## **“Culture eats strategy for breakfast”**

Therefore, while we take an effort to understand the strategic business context of the companies we surveyed, we concentrate primarily on the organizational development and people leadership considerations of the digital innovation leaders.

### **View on Asia**

Besides highlighting the various approaches and methods employed by the companies we interviewed, we also wanted to shed some light onto the way digital innovation is implemented in Asia. Here our focus was on learning about the ways Asian subsidiaries of Western companies work with their headquarters to implement overall digital strategies, and perhaps their own local projects.

## **Report Methodology**

For this report, we interviewed 29 industrial enterprises from the mobility, industrial goods, and building supplies industries. The majority of those companies is active in business-to-business, rather than business-to-consumer markets. Amongst them, they cover a wide range of industrial products and services, such as machinery, air conditioning, cars, locks, engineering services, cranes, and automation technology. All companies were headquartered in either Europe (24) or North America (5). A total of 34 interviews were conducted for this report. Of those, 19 were conducted with leaders globally responsible for their companies' digital innovation efforts, five with leaders with Asia regional responsibility for those efforts, nine with leaders of business units in Asia, and one with a global HR Head. Their annual global revenue is between 200 million and 200 billion Euros, with the vast majority of companies ranging from one to ten billion Euros annual revenue.

We would like to thank all respondents for sharing unique and useful insights into their digitalisation journey. This report represents our best efforts to present those insights, while doing justice to both the complexity

of the topic and the need for practical advice in a field where merely relying on generalized findings means losing a lot of information that can be critical for success.

## QUALITATIVE STUDY



## CURRENT STATE OF DIGITAL INNOVATION

All companies have added digital innovation to their business agenda. Moreover, respondents consistently indicated that digital innovation was among the top priorities for their business. Thus, all respondents' companies have established a formal digital unit. This is typically a centralized function in the headquarter country, working closely with the global company leadership. Overall, these units are relatively young, with most of them being initiated between two and four years ago. Most companies have not yet set up regional digital units outside of their headquarter market, and instead focus on bringing key people and competencies together in the centralized digital unit. Only a few of the larger companies we surveyed - all with annual revenues in excess of two billion euros - have already established regional centers overseeing digitalization efforts in key regions. While most organizations do not have dedicated regional digital units, they have recognized the importance of key regions like Asia and are drawing the voice of the market from their legacy organisations in the region.

Since efforts towards building up digital units are relatively recent, only very few companies have built up dedicated profit & loss units around some of their digital products and services. Those companies are mostly active in the mobility sector.

**“We see digitalization as a huge opportunity for us to better serve our customers and being more efficient in our processes and in our daily work.”**

*Global Digital Leader of an Austrian machinery company*

In many companies, the Chief Digital Leader reports directly to the CEO or at least the global management board. The direct contact to the CEO is seen as vital for success of digital innovation initiatives.

While most organisations are still at an early stage of their digital transformation, the majority is also positive about the progress they are making. When asked about their efforts relative to their competitors, almost all express the opinion of being at least on par with similar companies, while a few also position themselves as leading the way with their initiatives. Companies from the mobility segment consider themselves comparatively more advanced in their organizational readiness.

### Strong top-line orientation

There is a clear distinction in prioritization between customer-facing digitalization topics, such as the launch of new products, services, and business models and internal topics, such as the digitalization of processes and operations.

While a majority of companies is particularly keen to tap into potential new revenue streams, there also is strong awareness that internal innovations can greatly benefit companies. Some respondents contended that those two areas cannot and in fact should not be separated. One global digital leader referred to the term “eat your own dog food”, which is said to have been coined by a Microsoft senior manager in the 1980s, to describe this duality. This viewpoint is also supported by a recent McKinsey (2018) survey which found that both updating standard operating procedures with digital technology and implementing digital tools to assist with data analysis significantly increased the likelihood of a successful digital transformation.<sup>1</sup>

**“I would never look at [market-facing and internal innovation] independent of each other, it is always organic. A business is a big organism, things are connected, and that seems to be a major obstacle: Those topics must not be seen as ‘lighthouse’ or ‘island’ projects independent from others, and this is where many digitalization projects fail [...] The art lies in, as it already did 100 years ago, integrating new topics into the company’s existing processes (through minor changes to existing processes). That is the big challenge, otherwise it is just new technology at our disposal, which we can now use to make things different, cheaper, better. The challenge is then to internally embrace and stabilize this.”**

*Global Digital Leader of a German machinery manufacturer*

<sup>1</sup> McKinsey (2018). *Unlocking success in digital transformations*.

With respect to the amount of attention the topic of smart manufacturing has received across the media, it comes as a surprise that for many companies this is not a high-priority topic. Some interviewees point to the prioritization of revenue-generating pilot initiatives, while others note the complexity of the topic. In particular, one Global Digital Leader from a German agricultural machinery manufacturer shared his perception that the automation of production processes is more difficult than the digitalization of non-production related work processes.

#### **For now, most efforts are centralized, top-down**

Nearly all participants agree that at present a top-down approach is needed in order to initiate digital change across the organization. Many respondents indicate that, as their digital transformation journey continues, part of the responsibilities are likely going to shift to regional competence centers. To this end, while not having established regional digital units yet, many

are intent on gathering data on local trends and regional customers in their target markets through their existing legacy organizations in the regions, and in a next step, once the digitalization efforts have matured, to build dedicated regional units.

#### **Open innovation as path to success**

**“In the end we need to reach this complete openness, because especially with a mid-sized company such as ours, we cannot do all of this internally by ourselves”**

*Global Digital Leader of a German machinery manufacturer*

Most participants mentioned that they actively innovate with startups. While some have founded dedicated startups themselves, others have chosen to partner with existing startups, whereas a third group of companies has bought or considers buying startups in order to strategically add capabilities to augment their organizations and offered solutions. Only a small minority of companies is not open to collaboration with start-ups, instead preferring to work with mature and larger technology partners.

Next to activities involving start-ups, there are also considerable efforts to engage with other corporations, universities,

governments and customers. Some companies are determined to channel their efforts into creating platform ecosystems comprising various entities. However, only a few express a desire to use platform innovation to disrupt their own current business model. Companies' main reason for pursuing external partnerships is the realization that, as technological progress keeps accelerating, even the most advanced companies cannot unite all relevant capacities in themselves. However, it should be noted, that open innovation efforts are still quite young and not all companies have already translated their interest in the topic into a systematic partnership-building effort yet.

## COMPANIES ARE EMBRACING DIGITAL TRANSFORMATION, BUT ORGANIZATIONAL READINESS IS STILL INSUFFICIENT

- Digital transformation is a top priority for all businesses
- All companies have formal digital units, the majority between 2 to 4 years old
- Digital units are centralized, regional digital units are still very rare
- Digitalization is mostly seen as an opportunity, rather than threat
- Strong focus on customer-facing innovation, but internal process innovation is not neglected
- Initiatives are top-down oriented and centrally organized
- High interest in open innovation with partners, but still in orientation mode
- Desire to disrupt their own business through platform innovation is limited

# COMPANIES' GOALS FOR DIGITAL INNOVATION

When asked about the goals pursued through implementing digital innovation initiatives, enterprises generally indicate that the coming two years will predominantly be dedicated to increasing organizational readiness in order to successfully absorb the impact of the digital transformation and get their business ready for the execution of new digitally driven business models. Another priority appears to be establishing first proof of value from initial pilot projects.

## Enabling organizations to successfully transform themselves

Internally, most focus on developing their organization by fostering key digital skills among existing employees, strategically hiring new talent, and embracing a customer-centric mindset. Leaders recognize that employees must be able to independently make decisions (within clearly defined boundaries). As one Digital Leader from an Austrian machinery manufacturer points out, there often is

**“Limited speed in decision-making, as the organization was built hierarchically and has a hard time to empower people to make decisions. This requires a cultural change.”**

This intended cultural change is supplemented by the intention to introduce new digital technologies into the workforce, as well as the harmonization and evolution of existing systems in order to increase efficiency and facilitate data sharing.

Many of the traditional industrial companies we surveyed expressed the wish to supplement their traditional product offerings with services built around those products. For example, some machine builders are planning to introduce pay-per-use models for selected products. At the same time, some mobility companies are also pioneering new use cases (e.g. fleet management platforms), which they plan to offer as an additional service to supplement their traditional product portfolio.

## Introducing new business models

While many leaders expect revenue growth through digital offerings to be limited in the short term, there are more ambitious aspirations in the long term.

Some respondents have expressed the view that digital units should only perform a transitioning function and should only be a temporary unit until digital has become natural to the business and is part of the organizational DNA. The vision here is to adopt a digital mindset across all job functions, business units and regions.

Thus, capabilities and responsibilities currently centrally organized are projected to become more decentralized.

Moreover, there is a strong conviction that, in the long term, digital-enabled business models will generate a substantial part of overall revenue.

**“It’s not just about the product, it’s about the business model, which may have to be completely reinvented [...]: New logic, new contracts, new channels, new partnerships, new technologies, ...”**

*Global Digital Leader of a German machinery manufacturer*

In addition to this, some companies, mostly from the building supplies sector, are partnering with other enterprises and startups in order to facilitate the creation of platform-based ecosystems. Among the machine builders, only one participant shared plans for participating in a similar initiative, whereas others have less ambitions towards becoming a platform leader in their space.

It should be noted that there is still some sense of uncertainty among digital leaders with regards to the overall long-term effects of the digital transformation. While the most commonly cited short-term targets are relatively aligned, long-term goals have seen more discrepancies across companies, with a few of our respondents even indicating that it is difficult for them to formulate specific goals for the period beyond two years.

**MOST COMMONLY MENTIONED GOALS FOR COMPANIES’ DIGITAL TRANSFORMATION JOURNEY**



## THE PATH FORWARD

All businesses we surveyed have acknowledged the existence of significant obstacles on their journey to becoming digital champions. Those obstacles can roughly be grouped into three categories: A lack of common understanding and communication, inadequate organizational structure and processes, and lack of key digital skills and know-how. This is often intensified by lack of internal trust and organizational cultures that are incompatible with the requirements for successful digital innovation.

### Communication is key

Companies struggle to create a common understanding for the necessity of the digital transformation within their organization. Having realized that creating organizational buy-in is crucial for success, digital leaders are much concerned with finding ways to effectively communicate with their workforce. Barriers to communication that were pointed out repeatedly over the course of our research included silo thinking across functional units, inadequacy of existing communication tools, and insufficient information passed on by senior management.

As many organizations are busy with legacy tasks, focusing on digital innovation projects is often described as difficult. How to prioritize core business objectives and strategic digital transformation goals is a constant challenge for companies.

**“Most organizational units are busy with legacy tasks and therefore do not have the necessary freedom to systematically tackle digitalization”**

*Global Digital Leader of a Canadian mobility company*

### Middle management is success-critical

Most respondents indicated that they were generally satisfied with awareness of the topic at highest levels of management. Instead, middle management was often perceived as insufficiently prepared or unwilling to execute digital strategy. In fact, many digital leaders indicate that overcoming this obstacle is vital for success: Without support and understanding from middle management, leadership's digital strategy cannot permeate the organization and employees cannot be given sufficient space and resources to adapt themselves.

One respondent highlighted that this resistance by middle management is not rooted in ignorance of middle managers towards digitalization but rather rooted in the constraints of existing organizational structures and processes, as well as in the circumstance that the bulk of execution (once the strategic direction has been set by senior management) of the digital transformation is delegated to the middle management.

While these challenges complicate the engagement of employees into digitalization projects, respondents were mostly confident in employees' willingness to embrace digital innovation – provided they are met with proper communication as to why the transformation is necessary. Indeed, as other research (McKinsey, 2018) indicates, communicating a clear change story triples the success rate of digital transformation projects.

### Understanding the customer

At the same time, a lack of customer-centricity is also perceived as a very important issue. If a deep and profound understanding of the customers' behaviours, needs, and challenges exists within the organization, then, in the words of one Global Digital Leader of an agricultural machinery manufacturer "the translation into new products, new services, new technologies is quite simple ". Thus, it comes as no surprise that increasing customer-centricity is a key priority for most digital leaders. One machine tool manufacturer's Global Digital Leader shares his approach to increasing customer-centricity:

**“We are our own reference customer [for digital services]. If it works for us internally and we have learned something from using it, then we can market the product much more easily.”**

*Global Digital Leader of a German machine tool manufacturer*

### Changing organizational structure

All businesses are currently looking for ways to update their processes, organizational structure, and systems. Many companies are struggling with upgrading and harmonizing their IT systems, which in many cases is a prerequisite to facilitate large-scale data collection and analysis that enables data-driven business models. The existence of organizational silos is another problem that was addressed repeatedly in this context. Particularly in industrial goods companies, there are existing legacy systems whose change is a complex and time-consuming process. To be able to adequately address those challenges, leaders say they must have direct access to and adequate support from their companies' CEO.

<sup>1</sup> McKinsey (2018). *Unlocking success in digital transformations*.

## Becoming agile

Oftentimes digital leaders' change initiatives are met with reluctance. Unwillingness to abandon existing processes and procedures (e.g. traditional waterfall-style working processes) exists on all levels of organizations and is often prompted by the belief that established working methods should not be altered. Hierarchical structures and long decision-making processes further complicate the situation. To succeed, many companies are working on implementing agile methodologies and adapting them to suit their organizations. Work methods and functions are being redesigned to reflect the realities of the digital transformation. For example, a few companies are planning to introduce product ownership concepts for increased accountability and faster decision making, moving away from the traditional product-lifecycle-management. Additionally, efforts are underway to facilitate communication and information flow by creating cross-functional and interdisciplinary teams.

## Developing a digital workforce

All companies are facing shortages of key digital skills in their workforce. This is one reason why almost all companies have chosen to initially centralize their digital units, while simultaneously highlighting the need for a proficient local understanding of their key markets outside their headquarters.

To combat talent shortages, companies have started to invest in upskilling their existing workforce, employing a variety of

methods such as workshops, trainings, and internal academies. Also, working with startups and technology companies is seen as an effective way to augment the capabilities of the extended organization. All surveyed enterprises combine this approach with hiring key digital talent.

**“Many employees are interested in digitalization and have a positive attitude [towards digital transformation], but they are not allowed to act upon it. They are not given the necessary space by their bosses, are too much caught up with their daily work, and don't get information on what is happening. This also shows the importance of communication.”**

*Global Digital Leader of a German agricultural machinery manufacturer*

Underpinning all three categories lie interwoven issues of trust, an inadequate mindset, and organizational culture. Most companies we surveyed have evolved rigid hierarchical structures and strict cultures. Digital leaders typically recognize that this can be a problem, as such a setup can slow down decision-making processes and limit innovative potential.

While companies have already launched initiatives to change corporate culture and mindset, none of the respondents indicated that those efforts are already at an advanced stage. At present, most focus on creating awareness for the importance of the digital transformation across all areas of their organization, setting up groups for experience exchanges, encouraging bottom-up innovation through town-hall meetings, driving “authentic and grounded” communication and trying to gather support by sharing first successful pilot projects.

**“We intensively train [our employees], and we send selected employees to universities and training courses and they should work as ‘digital ambassadors’ in the group’s subsidiaries. This is just being implemented in order to anchor the topic of digitalization broadly across the company.”**

*Global Digital Leader of a German machine tool manufacturer*

## THE WAY TO SUCCESSFUL DIGITAL INNOVATION

Pain Points and Challenges

 Slow decision-making processes	 Mindset challenge and silo thinking	 Lack of key skills across organization	 Organizational structure is not suitable
 Communication problems	 Lack of buy-in and support	 Missing customer-centricity	 Processes are non-supportive
 Inadequate systems foundation	 Lack of focus, too many distractions	 Middle management resistance	 Lack of Digital Talent

Communication and common understanding

Process, structure, and systems

Workforce of the Future

Adopted and planned solutions

 Create awareness of digital transformation	 Adopting agile methodology	 Digital Talent Management
 Develop digital DNA	 Partnerships with startups and corporations	 Up- and reskilling of existing employees
 Prioritization and focus	 Redesign processes & organizational structure	
 Increase customer-centricity	 Digital Conduct	
	 Digital champions / ambassadors	
	 Decision-making	

ORGANIZATIONAL CULTURE & TRUST ARE UNDERLYING ISSUES

## SPOTLIGHT ON ASIA

As Asian markets continue to grow in importance, retaining a competitive advantage is crucial for global companies' overall performance. Especially in the Chinese market, both speed and agility are imperative to keep up with latest developments. There are considerable differences in the progress regional transformation initiatives have made. Those differences are not always owed to a lack of strategic commitment, but rather to a shortage of digital knowledge and skills within the organization. For this reason, most smaller enterprises mainly rely on their existing legacy organizations to pass on voices of the local markets. Only the biggest enterprises have set up dedicated regional digital units in Asia. Their efforts and aims often mirror those of central digital units, but with a special focus on understanding local customer requirements.

This emphasis on local needs reaffirms the importance of building strategic partnerships through embracing open innovation not only on a global level, but also in Asia. For most companies, a large part of Asia-focused innovation projects is taking place in China, with a few also having strategically placed key digital staff responsible for overseeing the Asia-Pacific region in Singapore. Some methods currently used by companies to foster innovation with their partners in China include hiring local talent, partnering with local technology providers, and increasing customer-centricity.

A major shift in attitude can be seen with global digital leaders with regards to regions like China or South East Asia.

They are recognized not only as markets, but increasingly as source of innovation (particularly for IoT and mobile technologies) for the companies' global business (local-to-global innovation).

**“I am deeply convinced that only a very intimate understanding of the local and regional needs of our customers will lead to a digital solution, a smart product, a service [...] which will add value and allow us to develop a business model. This means in any form of organization we need to build local understanding either within the company or with a partner network. To get very close to our customers, be able to pilot, increment, improve, and then finally launch products which are very closely linked to [their] needs, so we can customize and are operating out of a deep-rooted understanding.”**

*Global Digital Leader of an Austrian machinery manufacturer*

## CONCLUSIONS

By conducting this research, we aim to provide a nuanced understanding of companies' approaches towards digital innovation. Our special focus was on highlighting the original voices of digital leaders and providing a better understanding of the role Asia plays in European and North American industrial enterprises' digital innovation strategies.

We find that all product creators have recognized the importance of digital innovation and have taken first steps towards it. Initiatives to innovate are driven not by fear of disruption, but by confidence in internal strengths and a desire to seize new opportunities, both in bringing new offerings to market, and in improving internal operations. While they vary in both scope and focus, most activities are still predominantly top-down oriented and centrally organized.

Due to the scope of the transformation, it is vital that the topic is prioritized by the company senior leadership. This includes full support for the measures taken by Chief Digital Leaders as well as making the incumbent of this position a direct report of the CEO or at least the Executive Committee.

The findings show a well-balanced sense of realism among digital leaders. Across all businesses they realize the need for a planned, well-timed and executed capability building and organizational development before the large-scale deployment of

new digital solutions. As we have seen, most enterprises initially allocate their relevant resources and capabilities around the headquarter. Fostering meaningful partnerships in local markets can not only help companies to become more innovative, but can also be a strategy to bridge the gap between a company's limited internal resources and capabilities, and the need to keep up with ever-accelerating technological progress. Companies who have pioneered this strategy may be able to gain significant advantages over their more hesitant counterparts.

To realize their ambitious goals, companies must first overcome an array of obstacles ranging from finding key talent to adapting organizational processes and implementing new technologies into their daily operations. In order to achieve this, major efforts are being made in training and developing employees, adapting organizational structures, speed up decision-making and creating a shared understanding of the necessity of digital transformation across the entire organization. All challenges can only be understood, and addressed, if there is a thorough and ongoing assessment and adjustment of organizational culture and mindset. Throughout our research, these factors have revealed themselves to be key factors driving successful digital transformation.

Major shifts of attitude have occurred with regards to the role Asian regions play for enterprises. They are now clearly recognized not just as markets, but also as a growing source of innovation, particularly in IoT and mobile technologies.

As it stands, key enablers of successful digital innovation, such as open information exchange, embracing change, and a willingness to take risks, are often at odds with cultures that emphasize hierarchy, continuance, and slow decision-making processes. This is intensified by a resistance to change often brought on by an unwillingness to give up behaviours that used to be, and often still are, vital success factors. However, as the environment that justified those behaviours is changing radically, businesses should use foresight to

adapt to the changing circumstances, or risk becoming obsolete. As late management theorist Peter Drucker reportedly put it:

**“The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday’s logic.”**

Embracing open innovation, removing barriers to information exchange, and granting leeway to employees are strong indicators that most digital leaders have understood this. Business leaders are well-advised to take their lessons and experiences into account when executing their digital strategy.

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