Submission by Marcus Dervin, Technology Consultancy Founder and CEO, and author.

![Digital Transformation from the Inside-Out book cover by Marcus Dervin]
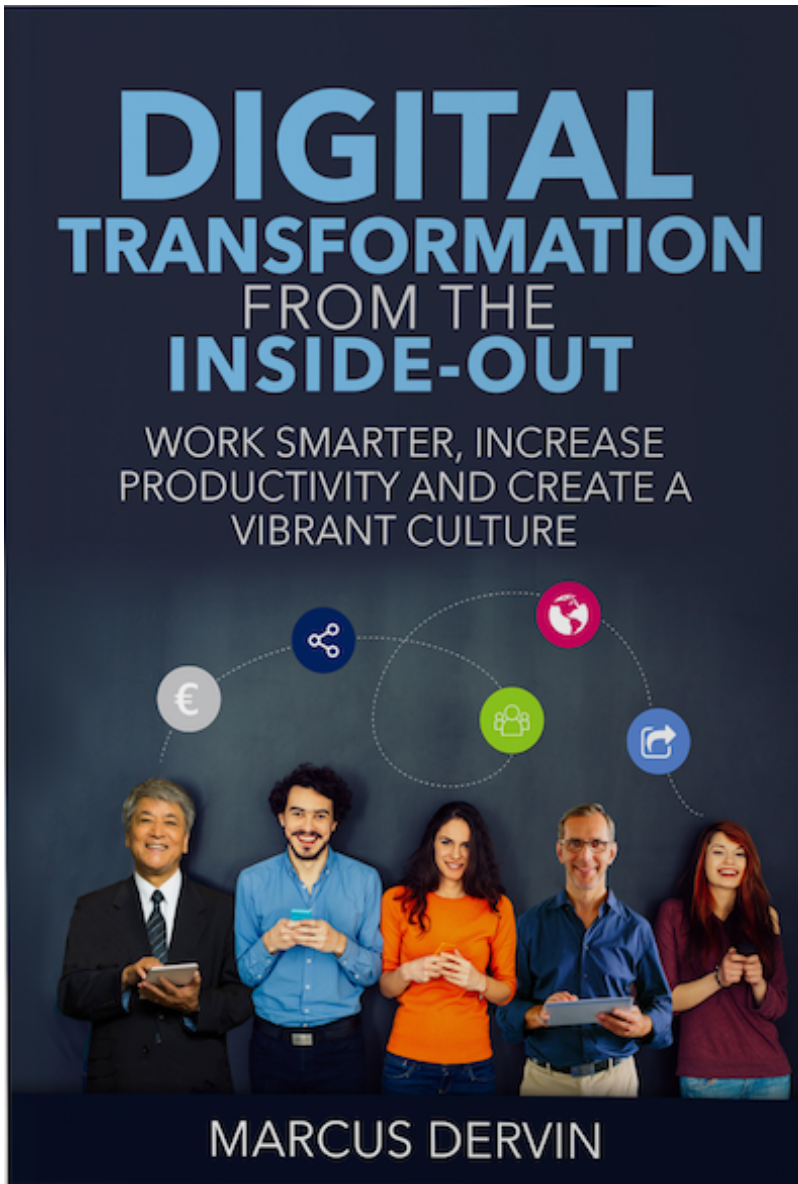
3. Building on our areas of competitive strength

14. What is holding Australian businesses back in terms of benefiting from digital technologies?

I own a Technology Consultancy – WebVine, we assist companies with Digital Transformation. We have helped companies from non-profits of 80 people to global giants like EY and Citibank.

What I see are a number of elements that are mostly non-technical that hold organisations back.

Imagine a group of tradespeople working on your home renovation with nothing but poor quality hand-tools – rusty nails, blunt saws and dull drill bits. They'd get the job done, of course, but they'd take far too long, cost far too much, and deliver a poor quality result that wouldn't last. They'd also feel frustrated and exhausted, and they'd know that there's a better way.

That's exactly how most information workers feel.

The Pareto Principle, named after the Italian engineer Vilfredo Pareto who developed the field of microeconomics, is the "law" that 80 percent of the outputs are due to 20 percent of the inputs. In the workplace, this means that 80 percent of the negative results are due to 20 percent of the inefficiencies.

This in turn means that identifying the inefficiencies that make the biggest impact can quickly lead to tremendous improvements across Australian organisations.

Most information workers expend incredible amounts of energy to deliver their day-to-day work. Staff work furiously to share information via email, spreadsheets and shared drives that are very old technologies.

Meanwhile, technology outside of the workplace is developing faster and faster. In their personal lives, people are getting more done, more effortlessly, from any device, anywhere they like. And yet when they get to work, it's like going back in time – back to a world where it's really hard to achieve anything.

Many organisations I see have rolled out technologies that haven't had the outcome as expected. For example, SharePoint might be used as a basic intranet and a file share, but it's not the collaborative workplace that was first imagined. A CRM is probably full of incorrect information, which makes people resent using it. And Yammer was meant to be the answer to too much email, but aside from keen users in a few business areas, is it really providing business benefits?

So why is it that these products or platforms promise so much, yet they seem so difficult to get people to use? Why is it so hard to maximise business benefits from them?

Most companies focus on technology as the end solution. 'Use this new platform', their leaders think, 'and everything will work fine'. I can't tell you how many businesses I've spoken with that have had numerous failed IT implementations. The failures weren't because the systems didn't work, but because people didn't use them. Technology-led solutions are not the answer. Instead, business-led solutions are. Yes, the end solution will be technology-based, but that's not what drives people.

15. What would help Australian businesses to embrace digital technologies?

What if you could make it easier for staff to accomplish some of the daily tasks that matter to them? What if you could make those tasks easier, simpler, faster, and so much better that user adoption issues became a thing of the past? What if you no longer depended on change management strategies? What if you needed far less training, and generated far fewer complaints?

Having worked in the Technology industry for over 20 years across three continents, I've seen and experienced first-hand the enormous inefficiencies that occur.

And as a consultancy owner since 2009, I've been even more keenly aware of them. No matter the industry, the size of the organisation or the demographic of their users – from global banks and mining firms, to schools and not-for-profits – the same challenges exist throughout.

And the most unfortunate thing has been seeing the same mistakes repeated again and again.

What is needed is a framework for organisations on how to truly undertake digital transformation internally. And also skilled people to support that. Unfortunately a lot of IT departments have never done this before and don't know how to deliver results.

16. What efforts are you or your organisation making to respond to digital transformation? Why?

We're now competing not just locally, but also globally; and this will only increase. Unfortunately, many organisations are simply not prepared for this change. They're not getting ready to perform at higher levels to compete with newcomers to their marketplace.

> "...digital disruption hits incumbent companies hard, on average cutting 45% of their revenue growth and 35% of their earnings. The reason for this dramatic effect is that digital entrants tend to pursue business models which directly undermine those of traditional players, and often offer better value for customers' money."
>
> McKinsey & Company[1]

So how do you deal with this? You have to be able to respond when it happens. If your industry comes under severe competition from a newcomer, you have to be ready. You need the systems, people, tools and processes in your favour. You need to actually make changes and try new approaches. If you do these things, you can combat the new challenge because you're ready.

If, however, you're stuck in an old paradigm where people just turn up to inefficiently clock in their time, it's unlikely that you'll be able to pull it together to react in time. It's like trying to turn the Titanic around quickly.

Just as the taxi industry has been decimated by Uber, other industries are also ripe for disruption. In Australia – and in many other countries – Uber's app is, and will continue to be, far better than anything that local taxi industries can prepare. If local cab companies had the foresight, they could have prepared for this some time ago. But, like major players in all-too-many industries, they thought things would always continue as they had done.

In other words, they got lazy – with devastating results.

On the positive side, as the walls come down, your ability to grow your business globally also increases. Here at WebVine, our ready-to-go Digital Workplace solution Injio had already generated interest from global brands in London and in New York before we'd even officially launched. Companies contacted us when they heard of our solution, and now we have constant sales opportunities all over the world.

We're competing with local providers from New York to Shanghai, Dubai to London, and winning a lot of work. Why? Because we saw the industry change coming – from creating intranets from scratch to using a ready-to-go Digital Workplace – and we prepared for it. And by preparing for that change, we helped to cause it.

---

[1] How to win the digital race by coming in second, and other (often surprising) ways to reinvent for the digital world
http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-strategy-and-corporate-finance-blog/how-to-win-the-digital-race-by-coming-in-second

If we hadn't prepared, we would have been one of the many companies who ended up disrupted and struggling to survive, rather than thriving and growing as we have done. As our example shows, staying ahead of the game has never been so important.

And to stay ahead, you also have to be able to attract the best people.

18. What opportunities do small and medium-sized businesses have to embrace digital innovation to drive customer value, improve their services and unlock their potential?

There are tremendous opportunities to thrive because of technology that never existed in history. Small and mid-size firms have an advantage in that they can make decisions quickly and be innovative.

The problem is that they don't know how to go about doing this. They work inefficiently, creating poor productivity and a lack of cohesion.

The technologies are available, how to configure them, how to use them well is what is lacking. This doesn't mean roll out mass training.

A Digital Workplace is the answer. A portal where people can get their work done, without reliance on email to do everything. This needs to be configured for organisations to suit their needs, it can be done on available technologies like Microsoft Office 365, but it has to be done well. The benefits are endless.

19. What are the key new growth industries that Australia should be tapping into? In what technologies and sectors should Australian businesses take the lead, and where should we be a 'fast follower' of international trends?

Green energy is obvious. We are too invested in coal, we need to wake up fast. We are lacking talent in Australia, we need to do more to attract people here who can code. As a business owner I have had to sponsor people to come here (which is not easy!). The talent pool in Australia is too small. So we need to get the right people first, or we have nothing to work with.

Marcus Dervin

Director

WebVine

Marcus@webvine.com.au

0433069389