

How brands can survive through digital transformation

Written by

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Category

[Technology](#)

Key topics

[Artificial Intelligence](#), [Brand](#), [Digital Transformation](#), [Leadership](#), [Marketing](#), [Strategy](#)

Digital transformation involves using digital technologies to improve your business processes, fundamentally changing how you operate, and to deliver value to customers. It's a cultural change that requires businesses to push beyond what feels comfortable, to learn from intelligent risk-taking and deliver ongoing innovation

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At Imperial Business School, we've recently opened the doors to the [Centre for Digital Transformation](#). This will exist as a nexus for studying how the digital revolution influences organisations of all types, bringing together academia and industry, including researchers from across Imperial.

The Centre responds to a need for a deeper understanding of the transformative potential of digital technologies. In the post-pandemic landscape, this understanding will be essential not just for driving innovation and competitive advantage, but for the very survival of businesses. COVID-19, unfortunately, has shown us how much this is the case – and how unprepared many businesses were. Those lagging suffered acutely from the new realities of the market.

Digital transformation puts an organisation in a proactive position

We've consequently witnessed many businesses rushing to get up to speed. McKinsey reports the pandemic has accelerated the pace of [digital transformation by seven years](#), with many heeding the [World Economic Forum's simple proposition](#): "Go digital or go bust."

Like many of the home truths thrown up by COVID-19, this has long been there for us to see. In 2018, McKinsey reported that, across the US, Europe and China, [only 25 per cent](#) of the total potential value of digital transformation had been realised. Another report from recent years found nearly half of small businesses in the US [didn't even have websites](#).

This isn't through ignorance. Deloitte statistics from 2019 indicate that, while 87 per cent of organisations knew digital technologies would transform their sector, [only 44 per cent felt they were doing enough](#).

From "table stakes" to competitive advantage

The potential value of digital transformation is huge. It has been estimated that, by 2030, [\\$13 trillion](#) could be added to global GDP through digitalisation, automation and artificial intelligence.

These can be intimidating words for pre-digital organisations. They should not be: the ground floor of digital transformation is accessible. Things as simple as a customer-facing website, an active social media presence or digitalising business processes can all be built into a digital strategy that contributes to basic organisational needs.

From there, businesses could look into more advanced solutions, such as digital supply-chain management and CRM systems, opening the door to automation and

predictive capabilities. You might say these first steps are the “table stakes”, the minimum a business must be able to show to stay in the game.

Even the creators of the technology may not yet appreciate its range of applications

Those further along face a slightly more complex challenge: this is to convince all stakeholders of the value of investment in future-facing digital technologies. These may involve building new competencies or knowledge structures. The challenge is to build consensus around technologies whose monetary and non-monetary value may be unproven or contrary to current practices.

The case to be made is that digital transformation puts an organisation in a proactive position. This keeps them ahead, rather than scrambling to keep up with industry or market changes. Coronavirus will certainly lend weight to this argument – to which the accelerated pace of digital transformation attests.

Best practice would suggest dedicating something like 10 per cent of R&D spending to business horizons five or more years out. This may be difficult for many businesses at present, but they can look at this investment as insurance against future shocks.

Industry leaders show potential of transformative technology

Some of the biggest business names in the world are those that were more proactive in the past. Amazon, for example, has pursued a [continual process of digital transformation](#): remember [“anticipatory shipping”](#) back in 2014? While this isn’t yet viable, it demonstrates the level of foresight we’re talking about. That technology is patented; no one will steal a march on Amazon.

Then there’s Netflix. Netflix was criticised heavily, and their stock actually dropped, when they announced they were moving into streaming. Today, the company accounts for [12.6 per cent of all downstream internet traffic](#). Compare that to its now very defunct rival, Blockbuster.

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Kodak is another name synonymous with missing the boat, giving a new unfortunate meaning to “Kodak moment”: attempting to tie digital technology to the analogue film/camera business.

Don’t throw the baby out with the bathwater, however. Businesses need a balance between digital and legacy skills. We can look to GE’s early digital efforts as a cautionary example. The creation of a separate digital department resulted in duplication and organisational siloes. The wasted efforts and resultant reorganisation are estimated to have cost [hundreds of millions of dollars](#).

New Centre trains digital transformation leaders

These high stakes are exactly why we founded the Centre for Digital Transformation. Alongside the world-leading research being carried out, digital transformation is baked into teaching at all levels, including an online [executive course in game-changing digital technologies](#) and how to incorporate them into your organisation.

We also offer an introduction to corporate innovation in the pre-experience [MSc Innovation, Entrepreneurship & Management](#). In this, we look at how to anticipate new technologies, markets, and business models, trying to think how these might affect their own organisation’s capabilities and competitiveness. In short, we train students how to disrupt, rather than be disrupted.

By 2030, \$13 trillion could be added to global GDP through digitalisation, automation and artificial intelligence

In 2021, we also offered a new MBA module on Deep Tech Acceleration, where we looked into new technology commercialisation. This is about working with new foundational technologies from Imperial London that are five to 10 years from the market. Even the creators of the technology may not yet appreciate its range of applications.

These educational modules are focused on trying to anticipate what could happen next, and developing new technologies, products/services, and business models to succeed in the future. In that way, digital transformation isn’t all that different from how innovation has always been done. Which perhaps explains why it’s so important.

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About Christopher Tucci

Professor of Digital Strategy and Innovation - Interim Vice-Dean (Education)
Christopher L. Tucci is Professor of Digital Strategy & Innovation and Director of Imperial's Centre for Digital Transformation. His primary area of interest is in how firms transition to new business models, technologies and organisational forms. He is also studying crowdsourcing, internetworking, and other digital innovations.

He has published articles in several top journals, including Academy of Management Review (AMR), Strategic Management Journal and Management Science. His 2012 article with Allan Afuah, "Crowdsourcing as Solution to Distant Search", won the Best Paper of 2012 for AMR, the top-ranked journal in the fields of business and management in that year. He is an Associate Editor of Academy of Management Discoveries.

In 2004, he was elected to the five-year division leadership track of the Academy of Management's (AOM) TIM Division. In 2010, he was elected to the leadership track of

the SMS' Strategy & Entrepreneurship Interest Group. In 2013, he was elected to the AOM's Board of Governors.

Read [Christopher's Imperial Profile](#) for more information and publications.

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