



Welcome to our latest bulletin, in which we focus on digital transformation.

In our lead article [Peter Boggis](#) and I argue that if organisations are serious about becoming 'more digital', they need to give focus and attention to developing 'being digital' as an organisational capability.

We believe that being digital is ultimately a 'state of being', an attitude that permeates the organisation in a way that continually challenges established thinking and drives innovation. Ultimately, the choice is one of being reactive or proactive to the continuous flow of digital technologies and the opportunities they bring.

In our second article we feature recent [research](#) undertaken by the McKinsey Global Institute on China's digital revolution. The research concludes that greater adoption of web technologies could lead to the introduction of entirely new products and services if government and industry take the right steps to maximise the potential.

Finally, we review [Leading Digital – turning technology into business transformation](#) by George Westerman, Didier Bonnet and Andrew McAfee, which gives an interesting insight on what it takes for organisations to achieve digital mastery.

As always, we welcome your feedback.

Best regards
[David Trafford](#)

'Being Digital' as an Organisational Capability

Does 'being digital' involve more than launching a 'big data' project or implementing an omni-channel strategy? Does it involve more than rebranding existing IT projects as digital projects and moving things to the cloud? In their recent article ['Being Digital' as an Organisational Capability](#), [David Trafford](#) and [Peter Boggis](#) argue yes. They believe that being digital is about embedding digital thinking into the DNA of the organisation and developing the organisational muscles needed to embrace digital possibilities.

All organisations are digital to some degree. The question is how digital do they need to become if they are to compete in an increasingly digital world? From the early days of computing all organisations – whether they are commercial enterprises or government agencies – have become increasingly digitally-enabled. Whether it involves automating processes, supporting decision-making or enabling customer self-service, information technology has fundamentally changed the way all organisations operate. But in many respects this digital transformation has only just begun. Without doubt, advances in digital technology will continue to define the trajectory of all organisations; those that understand the digital possibilities will be better able to shape their future, while those that do not, will find that their future is determined for them by others.

If we look back over the journey so far, we can see that in the 1980s we talked about the 'competitive advantage of IT'; in the 1990s it was 'e-business'; in the 2000s 'digital business strategy'; and today 'digital transformation'. While each phase of this journey was shaped by advances in digital technology, their application was driven by the change in context that the technology created. This change in context forced us to see the world differently, which in turn drove new ways of thinking.

In many respects, the challenge is less about digital technology and more about developing the capabilities needed to embrace them in a timely manner. Being digital is an 'organisational capability' that needs to span the whole organisation, not just the IT function.

To read the full article in which David and Peter describe the seven conditions that need to be in place if organisations are serious about becoming 'more digital', click [here](#).

China's digital transformation

During the course of 2013, the number of active smart phones and tablets in China grew from 380 million to 700 million. In 2014, China's Singles Day (held each year on 11 November when single people choose to party with single friends) became the largest online shopping day in the world, with sales in Alibaba's sites Tmall and Taobao totalling US\$9.3 billion in just 24 hours. At the start of 2015 WeChat – China's equivalent to Facebook – reached over 500 million monthly active users – compared to Facebook's 1.4 billion. According to a recent [report](#) from the McKinsey Global Institute, China is in the midst of a digital revolution.

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Parting thought

"If my mind can conceive it, and my heart can believe it, I know I can achieve it."

Jesse Jackson
American civil rights activist
1941 –

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This rise in Internet usage is having a significant impact on China's growth with the report predicting it contributing from 7 to 22 percent of the incremental growth in GDP between 2013 and 2025, equivalent to between RMB 4 trillion and RMB 14 trillion growth.

To illustrate the transformation taking place across the country, the report analysed six sectors representing a mix of industry, services, manufacturing and semi-public agencies. It found that the drive to being more digital was revamping traditional business processes, and in some cases, creating new billion-dollar markets virtually overnight.

The research suggested that China's small and medium-sized enterprises (SMEs) will benefit most from this digital revolution as it neutralises some of the disadvantages they have been facing. They argue that the Internet will provide a platform for entrepreneurs with new ideas to scale up rapidly and allow them to collaborate with others along the value chain and within a broader ecosystem.

McKinsey Global Institute's full report is available [here](#).

Turning technology into business transformation

"Technology is the biggest story in business today, plain and simple", argue George Westerman, Didier Bonnet and Andrew McAfee in their book [Leading Digital](#).

Their book is a result of three years of research during which they identified a range of companies that had become what they call Digital Masters. Perhaps surprisingly the companies featured are not the Apples, the Facebooks, the Amazons or Silicon Valley start-ups, but companies from the more traditional industries of banking, manufacturing and pharmaceuticals.

Their conclusion is that digital mastery is an achievable goal for any enterprise provided they:

1. Build digital capabilities by rethinking and improving their business processes, their customer engagements, and their business models.
2. Build strong leadership capabilities to envision and drive transformation.

Depending upon your level of capability across these two dimensions you are defined as either a Beginner, a Fashionista, a Conservative, or Digital Master.

Throughout the book they give numerous examples of Digital Mastery and the actions these organisations took. Companies featured include Asian Paints, Burberry, Caesars Entertainment, Codelco, Lloyds Banking Group, Nike and Pernod Ricard.

Each chapter concludes with either a checklist or self-assessment making it one of the most practical books on mastering digital capability available today.

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