

Sustainable Digital Business

HOW TO EFFECTIVELY
INTRODUCE A COMPANY
INTO THE FOURTH
INDUSTRIAL REVOLUTION

INSIDE:

- Obtaining innovation
- Connectivity
- Sustainable digitalisation

70%

THIS IS THE SUCCESS RATE
OF DIGITAL TRANSFORMATION
PROJECTS IN POLAND



TAKE A LOOK INSIDE AND LEARN
HOW TO BOOST YOUR BUSINESS



The digital transformation, which is the essence of the fourth industrial revolution, has already been discussed in numerous articles. There is a lot of definitions available on the market and that is great! After all, it is a phenomenon that every organization should define for itself. However, there are some general guidelines which help one get involved in the movement with benefit. What is important, that benefit should be not only to a company, but also to the environment around it.

This text shortly discusses three types of initiatives that companies should include into their strategies if they want to benefit from that wind of change rather than get blown away. Before you continue reading, we suggest starting with a little mental exercise. **Imagine how the world would look like if your product or service was the only one available on the market. No competition, no alternatives. How would the reality change? What would be the profit and loss balance caused by your offer?**

An honest answer to these questions allows one to clearly see the need to apply a sustainable development filter to a business. If your company generates a mainly negative impact it is doomed to fail while the customers' awareness and expectations are growing.

An inspiring report "The future in the time of a digital change" (1) has indicated an interesting issue, important from a conscious company management point of view. 90% of Polish companies interviewed, admitted that the digital transformation is essential to open new opportunities for a business. Moreover, the success rate of those processes is estimated at only 70%. According to the report's authors, overlooking the digitalization's social and environmental aspects is what reduces its efficiency. It leads to... growing apart from one's customers. Companies lose the sight of a target group's reality. And what we observe in it is a rapid increase of the consumer awareness, ecological stance and inclusion of ethical issues in the purchasing process. But that is not all. The customers also simply want a comfort of use and availability. That is why the pressure put on a business is enormous: we are supposed to provide an offer which is attractive, easy to peruse and wholly ethical. How to meet those requirements? New technologies are here to help since they address the key aspects of the fourth industrial revolution: creating innovations, increasing connectivity of things and people, and the sustainable growth.

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¹ <http://infuture.institute/raporty/transformatcja-cyfrowa/>

OBTAINING INNOVATION

There are two main reasons why companies are searching for innovations. They are supposed to meet the changing expectations of their own customers, they are supposed to be a source of modifications to the offer. They may also be aimed at increasing the effectiveness of a company's inner workings, meaning all kinds of improvements. The combination of both may even mean a change of the whole business model.

Although our country's economy is doing fine, we still hold a place far from the podium when it comes to innovation rankings. Many companies see the need to create and implement innovations, but they are not able to generate and realize such initiatives on their own. A big deterrent is the fear based on myths that have been built around that issue.

Here are the most common convictions regarding innovation:

- Introducing an innovation into a company requires hiring a genius, someone remarkable, who is often sought out on the outside, or taking over a start-up.
- Only ground-breaking projects that require a profound restructuring of a whole business are viewed as innovative.
- Innovations require great funds, and the implementation process entails a great budgetary risk.
- Creating an innovation requires a lot of preparation.

We oppose all those claims.

What we see is that organizations fall into a trap reminding us of the Catch 22 paradox (which comes from literature and describes a situation in which internally exclusive rules exist). We have much evidence that every company has a great potential to create innovative solutions. However, workers often do not demonstrate creativity because they don't receive suitable support in that regard. At the same time, companies are not creating any processes that stimulate such behaviour or any kind of culture that fosters innovativeness because they think that their workers do not have the will, inclination or predisposition to such issues. Still, when certain conditions are fulfilled, one can break the mould. Here is what empowers people to do so:

- Establishing a space for creative work or finding a partner who can ensure it.
- Spending time on the innovation research process.
- Creating a set of tools to support that process.

Creating innovation requires a change in perspective. Setting up your own incubator inside the company is in fact a costly and long-term investment which may turn profit but also pose risk.

When created, it is an undeniable capital; however, it is not a good solution for every company. The same goes for buying an innovation in a form of a start-up. Alternatively, one can start a cooperation with a suitably prepared partner which lowers an innovation's threshold for entry. Even if a company is planning to establish an internal R&D department, realization of a project with a partner allows to authenticate the underlying assumptions and lower the cost of the initial investment. If a company has access to a cooperation with suitable consultants, it improves the response time to the business needs, market intel, and makes the project scaling easier.

The advantage of a partner model in creating innovation for business is the involvement of a company's employees who bring in unique knowledge combined with an expert opinion and a fresh perspective of a partner. That makes the established solutions maximally close to the actual goals of an organization.

Innovation Zone in Cybercom

Innovation Zone is both a physical space which creates conditions suitable for a creative work with customers, as well as a tailored for this exact aim method with a set of tools (Innovation in a Box) thanks to which we take said customers through the process of creation. In IZ we enable our partners to conduct a monthly PoC (Proof of Concept) through which one can validate business and technological assumptions of a project, measurably lowering the risk of a failed investment.



CONNECTIVITY

In a report published in 2018², International Telecommunication Union (ITU) shares the results of a research that tell us that over a half (58%) of households has access to an Internet connection. In rapidly developing countries the statistics of the Internet access is growing due to mobile devices. The ITU research data states that there is an average of 103 devices and 61 subscriptions of broadband Internet for each hundred of citizens. The technology is getting closer to the human, its popularization is directly linked to the lower access cost and the existence of smaller and cheaper devices which let us use that access. In developed countries – according to the report – there is virtually no possibility to, independently of the sector, conduct business transactions without the use of Information and Communication Technologies (ICT).

We are an information society and because of that we expect a better connectivity – not only between ourselves, as humans, but also with data we gather on many different devices:

computers, phones and a throng of smart devices (intelligent watches, washing machines, fridges, cars).

A good connectivity means primarily a possibility to gather and manage a great amount of data and then use it. All that is possible thanks to the IoT devices, large data warehouses (Big Data), machine learning (ML/DL) or Artificial Intelligence which – due to solutions offered by the public cloud providers – become more and more easily available. We present an argument that nowadays designing any solution that does not take this aspect into account is pointless. When creating a product or a digital service (or simply when digitalizing processes) make sure that any point where it makes sense it is natively embedded in a cloud environment.

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Cloud Native Applications (CNA) is a software written with cloud computing in mind. Solutions developed in accordance with the CAN concept can be modified – which means that they can be repaired, and new functionalities may be introduced – much faster than in case of traditional applications.

² *Measuring the Information Society Report, vol. 1, 2018, ITU* (<https://www.itu.int/en/ITU-D/Statistics/Documents/publications/misr2018/MISR-2018-Vol-1-E.pdf>)

Cloud is not only about storage space

We must make one thing clear. There is still a harmful belief, especially in the business world, that a cloud's most essential feature is to store data. It is mostly true in case of solutions known as private clouds. However, it is only about 10% of this technology potential use. Choosing a so-called public cloud gives an access to the remaining 90% of services such as serverless, which means constructing applications without establishing and managing a server infrastructure; solutions that allow one to analyse large amounts of data without the need to design high-performance server matrixes; or an option to use an artificial intelligence without knowing how neural networks work. Such solutions give everyone on the market some great possibilities. Regardless of a company's size, everyone can make use of services such as data

storage, programming or server maintenance via the internet. All of it means that regardless of the industry, a cloud allows to increase the level of service quality and cost-effectiveness. It is hard to imagine a digitalization that is prospective and well-established in a market's realities and does not make use of the *Cloud native* assumptions.

According to a research conducted by IDG and Oktawave and summed-up in the "Public Cloud in Poland 2019" report, 52% of Polish companies has migrated to a cloud or is planning to do it in the nearest future. In comparison to the global average of 93% it is clear how much we still have to do.

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Cybercom Group has a AWS premier-partner status, but we cooperate with all public cloud providers.

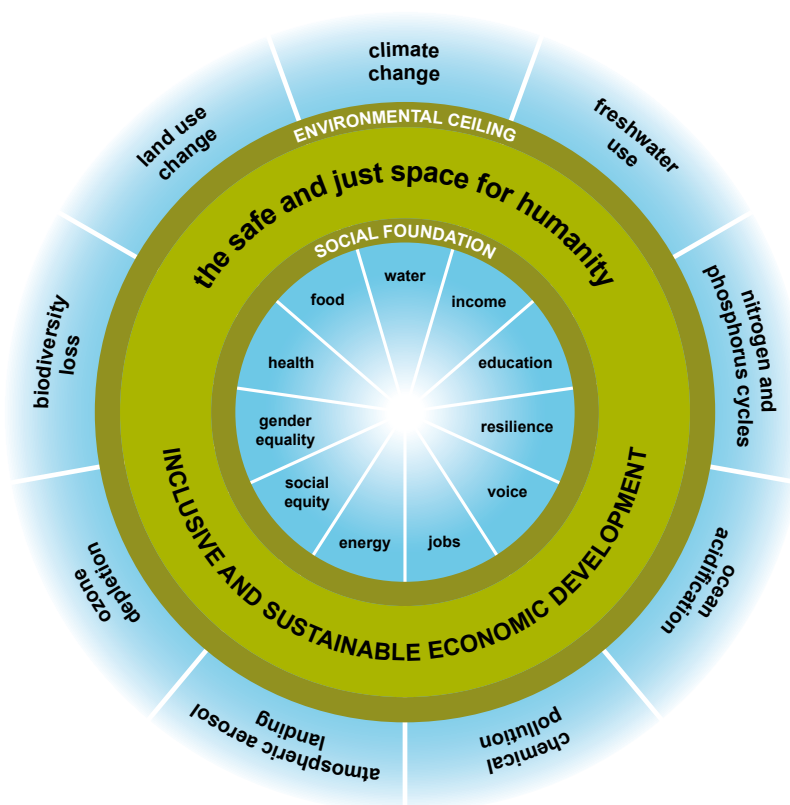
You can read about the differences between a public Cloud and private Cloud on our blog makersoftomorrow.com

A SUSTAINABLE DIGITALIZATION

The so-far three industrial revolutions brought about large social and environmental costs. Now, when the fourth one is a reality, for the first time in history on such a scale is the business asking itself questions regarding the consequences of its actions, observing and trying to balance them. Sustainability is a phenomenon which brings to mind ecology and actions aimed at halting the planet's degradation and preventing a climate disaster. It is a well-grounded association; however, at a business level it is important that we understand that sustainability is a macro-trend with a growing influence on the whole global economy.

When we place the human and his general needs in the centre of the digital transformation, our perspective of the digitalization itself should visibly change. It is not a common notion yet. According to the Infuture Institute report, only 34% of respondents of a conducted research agreed that when working on the transformation their organization pays attention to conditions not directly connected to technology.

The dialogue around the issue of sustainable digitalization mostly touches upon the possibilities and opportunities offered to the world by developing technology. When it comes to the reduction of the emission of the greenhouse gases, the role of digitalization is far greater than most people understand. It is a way to give a business a net positive value – which means that social and environmental benefits of a product's or service's presence on the market are greater than the costs of their production and management. Kare Raworth's *doughnut model of economics*³ may be a compass in the search for that value. It is a diagram which indicates that a sustainable business should be contained between two values: a social foundation that is based on equal rights, access to resources, right to vote, healthcare and education, and an ecological ceiling, which is a border beyond which conducted operations become a danger to the planet's well-being.



³ *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, Kate Raworth

At the first glance, giving such a goal to an organization seems to be a very ambitious and difficult endeavour. One change in an organization's approach allows for an easy adaptation of that perspective to its operations. One has to put a sustainability filter on the project currently in motion or those still in the phase of planning. Every project developed by our company undergoes an evaluation process of its baseline and potential influence on the environment in the context of meeting the Global Compact goals. Avoiding projects that would reduce that positive impact is our main business obligation.

And for those companies who want to explore a project's potential in this context, we suggest a separate process in which we:

- evaluate a company's activity (or its fragment) in view of the so-called Global Sustainable Development Filter
- conduct a comparative analysis in view of benchmarks available on the market and identify a customer's business changes on said market
- create a proposition of values that answer those needs, design a solution and a plan of implementation. As a result, a digital product or service may be created, and sometimes it may lead to the development of a new business model and a source of income.



Read Cybercom's Sustainability Report to know how we live up to and work with SDG:



CONCLUSION

We believe that this material may be an inspiration to change one's perspective of the digital transformation process. Every digitized fragment of operations is a potential to find a right direction and suitably prepare oneself for further change. It is worth to look at every stage through the three filters we've discussed here: innovation, connectiveness, sustainability.



Cybercom Group is a technological consultancy firm. We help our customers to improve their competitiveness by using opportunities created by the world of digitally connected devices, people and organizations. We combine a technological expertise and a deep understanding of business needs. Because of it, we provide innovative and digitally safe solutions which support the goals of a sustainable growth.



Our main shareholder is Formica Capital – a Swedish investment company which main goal is to establish an investment portfolio that consists of companies that support the sustainable growth goals and offer solutions that have a positive impact on society and environment.

Let's talk about your company's digital needs!



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