

Winning the digital transformation race: Three emerging approaches for leading transition

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New research from Professor Feng Li, Chair of Information

Management at City's Business School has outlined three new approaches that digital innovators can take to reduce the risk of failure and seize competitive advantage in the industry.

With the coronavirus pandemic forcing many organizations to operate remotely, adoption of the latest secure technologies has taken on greater importance for many industries – presenting great opportunities for providers of these technologies, but also great challenges of meeting demand, staying ahead of competition and surviving in a fast-moving environment.

Professor Li interviewed senior leaders at eight global digital champions including Amazon, VMWare, Slack, Alibaba and Baidu to find out what their strategies were for [innovation](#).

The findings can be summarized into three main approaches that are emerging:

Innovation by experimentation: a continual process of developing ideas on a small scale without high upfront investment, and then leveraging and rapidly scaling up those that turn out to be successful.

Radical transformation through incremental approaches: breaking up large scale projects into strategic investments with measuring capability at each stage allows companies to radically innovate several projects at once in small steps. This method also mitigates the risk of a single large project failing and allows businesses to judge which projects will yield the highest returns or biggest impact on investment.

Dynamic sustainable advantages through portfolios of temporary advantages: due to the fast-paced nature of the digital economy, competitive advantages are often short-lived. Implementing a strategy for successive and incremental temporary advantages can yield significant long-term gains.

All three strategies use elements of diversification and portfolio

management to mitigate costs of failure, as is often seen in investor portfolios.

Professor Li said the nature of digital innovation lent itself to a highly dynamic approach.

"Digital technology is a highly volatile, fast-paced sector," he said.

"It is important for companies in the field to recognize that competitive advantages are short-lived, and that there is no 'end-point' for innovation. Throwing all your weight behind one [project](#) as a start-to-end activity is highly risky and serves little long-term benefit even if successful.

"Sustainability can only be achieved by continuously reinventing the wheel while seeking new investment opportunities.

"The coronavirus pandemic has both challenged and opened doors of opportunity to traditionally non-digital organization to innovate methods of banking, education and even living room gym classes.

"This is placing added pressure on industry incumbents to stay ahead of new disruptors, putting further emphasis on the need to have new irons in the fire and the ability to change direction quickly and efficiently between innovations."

Read Professor Li's new paper "Leading Digital Transformation: Three Emerging Approaches for Managing the Transition," published by the *International Journal of Operations and Production Management (IJOPM)*.

More information: Feng Li, Leading digital transformation: three emerging approaches for managing the transition, *International Journal of Operations & Production Management* (2020). [DOI:](#)

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