

# Winners take all in this digital transformation race



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EVERY business needs to accelerate its digital transformation to effectively compete and stay relevant to customers. This requires changes in metrics, in organisational structures and in the technology platform.

While such a viewpoint may have been controversial five years ago, it is certainly not the case today as digital transformation is a key item on the agenda for C-suites, boardrooms and even governments.

The progress of digital transformation in Bangladesh, much like its South Asian counterparts, is commendable.

The Bangladesh government is leading the country's digitalisation movement, and businesses, too, are echoing the government to realise Digital Bangladesh vision by 2021.

With the vision, the government has undertaken several projects to achieve digitalisation in the public and private sectors.

For example, the government has been working extensively to ensure that e-governance is accessible to public on digital platforms.

From online procurement of public projects, collection and submission of academic admission forms, job applications, collection of official forms, to online tax returns submission, digitalisation has spread its wings in all spheres of public services.

In fact, the government has delivered 6 million e-services to 4.5 million beneficiaries on average per month through 407 City Corporation Digital Centres, 321 Pourashava Digital Centres and 4,547 Union Digital Centres (UDCs).

Microsoft recently partnered with the leading technology advisory firm IDC to assess the digital transformation landscape across Asia Pacific.

Titled "Unlocking the Economic Impact of Digital Transformation in Asia Pacific", the study involved some 1,560 business and IT leaders from 15 economies.

The study clearly showed that there will be widespread disruption to the traditional business and operations models -- approximately 60 percent of Asia Pacific's GDP will be derived from digital products and services by 2021, created directly through the use of technologies.

In comparison, only 6 percent of Asia Pacific's GDP today is derived from digital products and services. This is the speed of change that all organisations must grapple with.

Imagine that you are operating a fast-fashion clothing chain in Bangladesh. This means that by 2021, half of your business will be derived from online or digital channels.

The study has shown organisations are seeing significant and tangible benefits from their digital transformation efforts today.

The top five digital transformation benefits that organisations experienced include increased profit margins, productivity, customer advocacy, loyalty and retention, cost reduction, and revenue from new products and services.

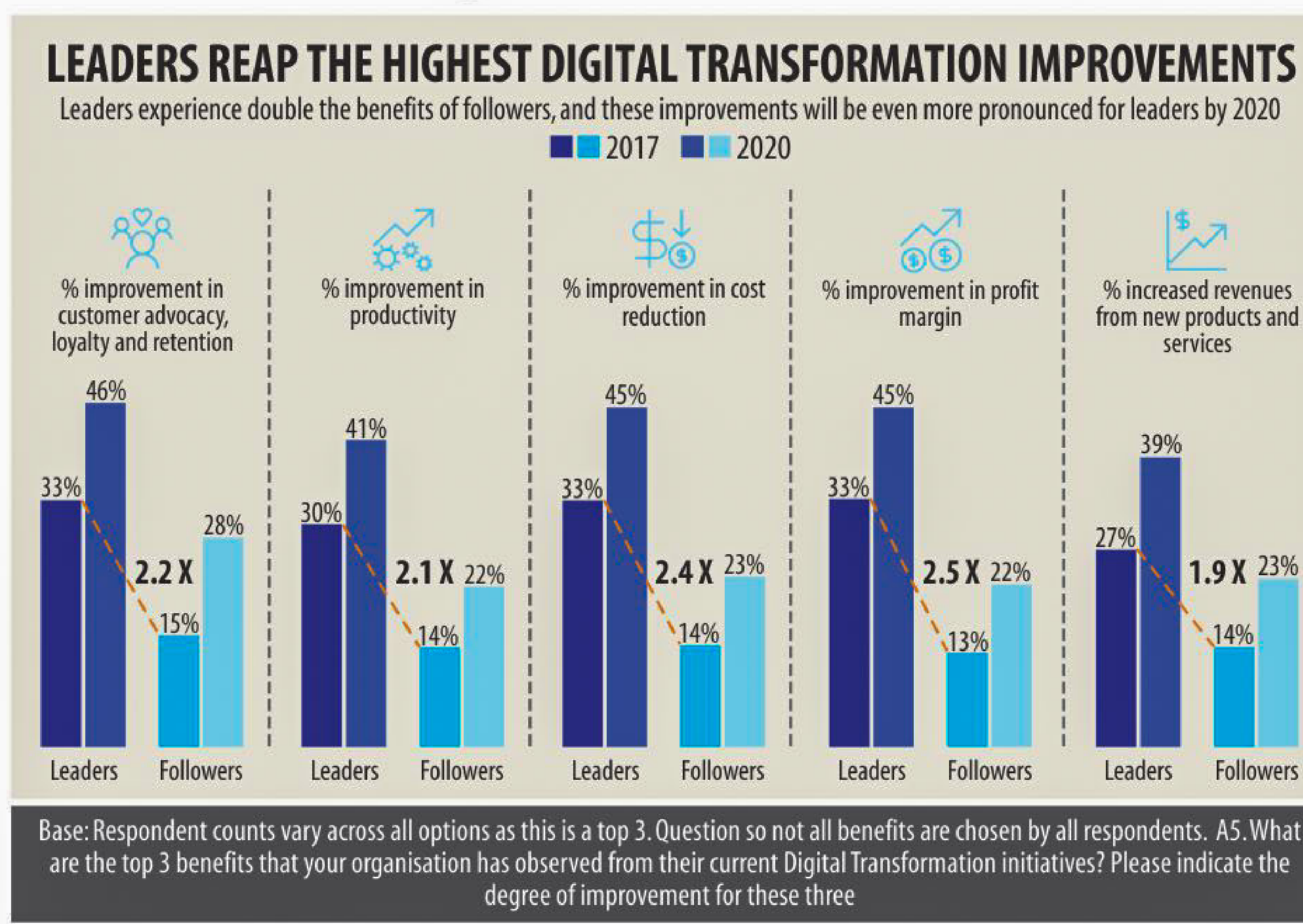
When I speak with industry leaders, I don't get a uniform sense of urgency about their digital transformation journeys.

Some leaders prefer to others to be the trailblazers, and then to learn from these digital transformation pioneers.

The question that I often ask myself is this: "Is digital transformation a race where the winner takes all?"

The study also shows that the pace of transformation makes a difference, much like how an efficient pace is key in raising your chances of winning a long-distance marathon.

We have classified the organisations participating in the study as 'Leaders' and 'Followers' based on a few factors: the maturity of their



digital transformation strategies; proportion of their digital income; and level of benefits achieved from digital transformation initiatives.

With these filters applied, only 7 percent of the organisations in the study can be classified as leaders.

More importantly, the study has shown that leaders reaped the highest digital transformation improvements -- to the tune of more than double the benefits from digital transformation compared to the followers -- and the effect is expected to be more pronounced by 2020.

In fact, we are already seeing digital leaders in action in Bangladesh.

For example, a trio of Bangladeshi students made to the final of Imagine Cup 2017 showcasing immense potential.

Team Parasitica, a group of students from the Bangladesh University of Engineering and Technology, competed with young innovators from different corners of the world in Seattle, USA last year with their "fasTnosis" app, which uses

Microsoft's Artificial Intelligence tools to more accurately diagnose patients via inputs of microscopic images into the app.

The medical diagnosis app can screen tuberculosis, malaria and intestinal infections, helping millions of affected people.

This shows that with the right tools and platforms, our youths are able to transform the way how people access medical diagnosis.

For organisations to succeed with their digital revolution, they need to create a digital culture, build an information ecosystem, embrace micro-revolutions, and develop future-ready skills for individuals and organisations.

Culture is the multi-layered core at the heart of every successful organisational digital transformation. The study shows that leaders benefit most from a full digital transformation strategy in an ecosystem of customers, partners and employees working together.

Data must be embraced as part of

every piece of work done in an organisation. Data analytics can be used to take products and services to the next level.

Companies that emphasise big data analytics, as the leaders are already doing, will build strong foundations for emerging technologies like Artificial Intelligence (AI) and Internet of Things (IoT) to accelerate their respective digital transformation efforts.

In a digital world, organisations have access to more data than ever before from both internal and external sources.

Both the opportunity and challenge are to bring all that data together, to analyse that data, and then use it in ways that contribute to better decision making and better outcomes.

Data capitalisation is key to success in the digital economy: to convert this data into capital assets and monetise them, there needs to be data sharing and collaboration not just within the organisation, but also

externally with customers and partners in a trusted manner.

A proper data strategy that produces real and measurable data sets allows organisations to start taking advantage of the power of AI in identifying connections, insights and trends that are not yet obvious.

In most cases, digital transformation efforts do not start with an organisation-wide plan of change, but rather with a series of micro-revolutions.

These are small, quick wins that deliver positive business outcomes, and at the same time accrue to bigger and bolder digital transformation initiatives.

We see this digital momentum in leaders, who are less risk-averse and even often embrace both fail-fast and learn-fast approaches.

This mindset will ultimately enable organisations to be at the forefront of reaping benefits from emerging technologies such as AI.

Organisations today must relook at training and reskilling its workforce so that talent is equipped with future-ready skill sets such as complex problem-solving, critical thinking and creativity for the digital economy.

At the same time, they need to put in processes to not only retain and attract key digital talent, but also be open to creating a flexible work-source model that lets them tap into skills-based marketplaces.

This study has shown us that in this high-stake digital transformation race, leaders reap the greatest rewards and will command stronger positions in the exciting digitally-fuelled world we are heading towards.

History has also shown that during these industrial paradigm shifts, old business models often become extinct, taking out entire organisations and even industries at the same time.

If there was only one question that you should ask yourself as a business leader, it should be this: "Is your organisation in a position to be a digital transformation leader today?"

The writer is the managing director for Microsoft Bangladesh, Nepal, Bhutan and Laos.

## HSBC bosses grilled on bank's gender pay gap, diversity

REUTERS, London

STAFF and investors in HSBC questioned its new bosses on Friday over how they will improve gender balance and ethnic diversity in senior management at a bank that only weeks ago reported the biggest gender pay gap among big British companies.

Mark Tucker, the bank's new chairman, and new chief executive John Flint faced questions from their own employees at the bank's annual general meeting (AGM) in London over why so few women and people of color are in its senior ranks.

"I want to know specifically what HSBC is going to do to get people like myself sitting there [on the bank's board], I want to come to this AGM and see a reflection of myself sitting there," said Ololola Durodola, a black woman who works in HSBC's retail banking division.

Flint replied that the bank has committed to a target of increasing the ratio of women in senior management roles to 30 percent by 2020, from 26.5 percent today, but that it needs to do more on both diversity and gender balance.

"Until our senior leadership is representative of the people we are serving, we are

running a business risk," Flint said.

At board level, five of the HSBC's 14 directors are women after the bank reduced the board from 17 members on Friday as part of efforts by Tucker to reduce bureaucracy and speed up decision-making.

Europe's biggest bank also faced questions on its funding of coal power plants in Asia after it unveiled a new energy policy on Friday that involves phasing out funding for fossil fuels.

Shareholders queried HSBC on an exception it has made for coal-fired power plants in Bangladesh, Indonesia and Vietnam, which the bank said is a sensible short-term exception given the lack of alternative power sources in some parts of those countries.

HSBC last month revealed it has a gender pay gap of 59 percent, the largest among British companies with more than 250 employees and caused by the lack of women in senior, better-paid roles.

CEO Flint told reporters on the sidelines of the AGM that the bank has taken measures including a requirement for hiring shortlists to be gender-balanced but said the bank would stop short of choosing women for senior jobs because of their gender.

## GSMA puts new technology on hold in wake of US probe

REUTERS, Washington

A telecommunications standards organization - GSMA - said on Saturday it is delaying implementation of a new cellphone technology due to a US government probe of alleged coordination between the group, AT&T Inc and Verizon Communications Inc to hinder consumers from easily switching wireless carriers.

GSMA said in a statement that the move to a global standard for eSIM technology is "on hold pending the completion of an investigation by the United States Department of Justice."

At issue is a technology that could make carriers' business more volatile. eSIM allows consumers to switch wireless providers without having to insert a new physical SIM card, an identifying micro-chip. That makes it easier to compare wireless networks and easily select a new service when desired.

"This standard contains a wide range of features, including the option for the eSIM to be locked. In the United States, consumers would have this option; however, they would need to explicitly consent to this under specific commercial agreements with their mobile operator, for example when purchasing a subsidized device," GSMA said. It added that it was cooperating fully with the Department of Justice.

Verizon on Friday called the probe "much ado about nothing," adding it has been working with the Justice Department for several months "regarding the inquiry," according to spokesman Rich Young. AT&T also indicated it was they are working with the Justice Department.

Apple Inc and other equipment makers have complained to the Justice Department about wireless carrier practices related to eSIM technology, two sources familiar with the matter said. Apple declined to comment.

## US-China trade tension dominates IMF gathering

AFP, Washington

TRADE tensions between the United States and China, which threaten to spill over into the global economy, are dominating a gathering of world finance officials even as the Group of 20 avoided the topic on Friday.

Official after official has called for disputes to be resolved through dialogue rather than unilateral tariffs, and warned about the threat to the economic recovery.

during the spring meetings of the International Monetary Fund.

But US President Donald Trump's top finance official said the fault lies with countries that employ unfair trade policies.

"We strongly believe that unfair global trade practices impede stronger US and global growth, acting as a persistent drag on the global economy," US Treasury Secretary Steven Mnuchin said in a statement to the IMF.

While IMF chief Christine Lagarde has offered the fund as a

"We must redefine international trade with China, not against China."

Theft of American intellectual property and technology has been a key irritant in the dispute with Beijing, which prompted President Donald Trump to announce steep tariffs on tens of billions of dollars' worth of Chinese goods, on top of last month's punitive duties on steel that were primarily targeted at China as well.

Washington and Beijing have

derail the recovery that we have seen in recent years, threatening the ongoing economic expansion and putting many jobs at risk," he said in a statement to the meetings.

The IMF has highlighted the trade tensions as a major downside risk to the otherwise solid global recovery, and Lagarde said the dispute undermines confidence and creates uncertainty that could choke off investment which has been a prime engine of the global recovery.

The WTO projects global merchandise trade will expand by 4.4 percent this year, after increasing by 4.7 percent in 2017.

Despite the intense focus on the US-China dispute, the Group of 20 finance ministers, from the world's major economies, avoided discussion of the issue Friday, even while acknowledging the potential danger it posed to the global economy.

"We didn't have a discussion on specific measures on trade," Argentine Treasury Minister Nicolas Dujovne told reporters after the meeting. "The G20 is not the place to discuss specific measures. That's the WTO."

It was a surprising omission for the group that was key to shepherding the global economy through the 2008 financial crisis and preventing another depression.

But Dujovne said, "We have to also recognize the limitations that we as a group have... and try to find a consensus even if the consensus is more limited than we want."

The ministers did express concern over the growth of "inward looking policies," he said, using a frequent euphemism for trade protectionism.

But German central bank chief Jens Weidmann said the G20 officials all agreed trade must benefit all countries.

"Protectionism, not to mention a trade war, is certainly not the solution."



US Treasury Secretary Steve Mnuchin (C) poses for G-20 finance ministers and central banks governors family photo during the IMF/World Bank spring meeting in Washington on Friday.

French Economy Minister Bruno Le Maire criticized what he called a "vain and pointless" spat with China.

"We run the risk of trade war. We run the risk of multilateral order breaking down that is good for no one, and most definitely not for the world economy and growth," Le Maire told reporters

forum to resolve differences, Mnuchin instead said the IMF "should be a strong voice" in urging members "to dismantle trade and non-tariff barriers and to protect intellectual property rights."

Le Maire agreed China must respect the rules, but said the country is a key part of the world trading system.

traded tariff threats and also filed complaints against each other at the World Trade Organization.

WTO Director Roberto Azevedo warned that the effects of a major escalation "could be serious," and poor countries would be the collateral damage.

"A breakdown in trade relations among major players could