Transforming to a digital business

If there’s one word pervading every business and every industry today, it’s *digital*. Becoming a digital enterprise—sometimes referred to as *digitalization*—is becoming paramount to business survival, but the way forward isn’t always clear. What does transforming to a digital business really mean?

Perhaps first and foremost, the digital journey is not about converting existing analog processes to digital processes. Nor is it about adding a layer of digital to business-as-usual. Rather, it’s about genuinely rethinking how you engage with your customers, how you run your business, how you deliver products and services. A digital business brings people and things together through the interconnections that the digital world enables—from the pervasiveness of mobile devices and connected things, to the social fabric connecting people, to exponentially growing and available datasets, and the connectivity and rich services that the cloud offers. When a business truly harnesses all that technology has to offer, there are tremendous opportunities for continuous and rapid innovation and differentiation. Tapping into emerging digital business areas—from the Internet of Things to mass personalization to 3D printing—positions businesses to realize massive value.

Of course, any significant opportunity also comes with risk; the rapid rise in cybercrime is just one example. Ultimately, though, the greater risk is being left behind by the digital force that is affecting every industry across the globe.

Business transformation this monumental depends on having the right people with the right vision and skills to achieve it. One emerging recruiting trend centers around finding talent. Talent—or, more specifically, the lack thereof—is proving to be the biggest hurdle to digitally-driven growth. Recent Gartner research revealed that “almost half of CIOs believe their organizations lack the right skills and
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capabilities for the future” and that CIOs “expect only one in four people to meet the digital business challenge.”

As an extension to the talent imperative, having a digital workforce is strategically important to transforming to a digital business. The digital lifestyle of today’s typical consumer is influencing how people prefer to work and collaborate. At Microsoft, we call this the “dual user”—people using technology for their personal digital life as well as for their work. Pervasive mobile connectivity, online social interactions, and access to an ever-increasing store of data and analytical tools are empowering roles across the enterprise while raising employees’ expectations of the work environment. The more successfully a company builds a digital workplace, the more likely they are to attract the talent they need—and establish a digitally-minded culture to support transformation of the business.

The impact of the digital wave is being felt across the enterprise, as line-of-business leaders from marketing to finance to HR to sales are becoming increasingly influential in spending budget on technology. Case in point: Gartner research shows “digital marketing spending rose 20%, to 3.1% of revenue in 2013.”

As the success or failure of digital business initiatives rests with these business leaders, they understandably expect to have input into the digital technologies that will underpin their strategies. What does this mean for the IT organization? Although the impact will vary from enterprise to enterprise, it presents an opportunity to engage more deeply with business leaders and to provide strategic oversight on technology investment decisions across the business.

The message that we are hearing from analysts, customers, and industry leaders is loud and clear:

**How successfully a business adapts to digital transformation will correspond directly to its future competitiveness and ultimate survival.**

No business—and no industry—will be immune to these changes. Every product, service, and indeed every aspect of every business will be affected. And the time is now. Businesses that don’t embrace the digital revolution today risk a fate akin to those businesses that took a “wait and see” approach to the Internet.

Across Microsoft, we too are transforming in this digital age while keeping our roots as a productivity and platform company. While productivity can empower every person and every organization, we think about productivity for people, teams, and the business processes of entire organizations as one interconnected digital substrate. We also think about interconnected platforms for individuals, IT, and developers. This comprehensive view enables us to solve the more complex, nuanced, and real-world day-to-day challenges in an increasingly digital world.

No matter where you are in your own digital transformation, we would welcome the opportunity to explore how we can help you achieve your own digital vision.

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