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# Is technology disruption going to derail your business?

As history has shown us, digital technologies have fundamentally altered the course of many sectors. Is your business prepared?

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## “Digital is the main reason just over half of the companies on the Fortune 500 have disappeared since the year 2000.”

– Pierre Nanterme, Former Chairman and CEO, Accenture

This quote by the former CEO of Accenture highlights the critical fact that if organizations do not quickly embrace digital technologies and use it to their advantage, they will be lagging behind the leaders. One look at the landscape today shows the huge impact that digital technologies have made. From ordering food (Swiggy) to booking cabs (Ola, Uber), there is an aspect of digital in every part of our daily lives. For almost every service you want to consume, there is an app.

Naturally, this has made a huge impact on the business models of companies too. As history has shown us, digital technologies have fundamentally altered the course of many sectors. Kodak for instance, despite developing the first digital camera, focused on its then existing well running business of making films. Today, Kodak is a much smaller company.

Another high profile company that has seen its fortunes diminish is BlackBerry. BlackBerry was once the preferred phone of corporates. But it failed to read the wave of interest with the emergence of Apple's iPhone and Google's Android. As mobile phones went beyond their standard use of telephony to becoming movie players and ordering services (food, booking tickets etc), BlackBerry which had a proprietary platform struggled, as app developers started developing huge number of apps on these two platforms. Consumer interest waned in BlackBerry and surged in Apple and Android phones, as both these platforms gave customers plenty of choice in choosing apps for every practical need.

Another extremely relevant example is Blockbuster, once a leader in the video rental industry with more than 9,000 stores across the world. Blockbuster had exclusive deals with Hollywood studios, and its DVDs were available in its physical stores. Netflix was a small startup then, and it tried a service that allowed DVDs to be shipped through mail. With the advent of smart devices and smartphones, Netflix understood that in the future more and movies will be seen in these devices. It started offering streaming movies to subscribers for a fixed fee. Blockbuster's business model is no longer relevant in the current era, while Netflix is a huge success, and uses algorithms extensively to deliver personalized and customized movie recommendations to its viewers.

Today, depending on the business your firm is in, you could look for a disruptor enabled by technology. For example, if you are running a BPO firm that has thousands of employees for calling people or answering queries for customer support, you could face a possible disruption. Today, chatbots not only provide accurate answers, but they are available on a 24/7 basis. Chatbots leveraged for customer service have a strong potential to reduce costs; with deployments realizing annual savings for retailers of \$439 million globally by 2023, up from just \$7 million in 2019. Similarly, Gartner estimates that by 2021, 25 percent of digital workers will use a virtual employee assistant on a daily basis.

Another sector that is ripe for huge disruption is the financial services industry. Fintechs and insurtech firms are turning the industry on its head. There has been a rise in the number of app only banks or virtual banks, and banking firms have to be on their guard to tackle emerging competition. In fact, Gartner predicts that by 2030, 80 percent of heritage financial services firms will go out of business, become commoditized or exist only formally but not competing effectively. These firms will struggle for relevance as global digital platforms, fintech companies and other nontraditional players gain greater market share, using technology to change the economics and business models of the industry.

In India, several firms are actively taking the digital route to be ahead of their competitors. For example, HDFC Bank uses an algorithm that allows it to process loans in just ten seconds. Similarly, ICICI Lombard has replaced manual inception with AI-based processing which enables immediate approval and policy issuance. Mahindra & Mahindra has taken a cue from Uber, and has launched an online platform, SmartShift that connects cargo owners and transporters. The platform aggregates demand and helps cargo owners find the right transporter or logistics provider based on specific parameters such as weight and shipment size. This has become extremely popular as transparent and competitive pricing is visible to both cargo owners and transporters.

Going forward, the choice is clear – embrace digital or be ready to disrupt yourself!