Five counterintuitive mistakes made by companies going digital
ONE THING THAT’S NOT A MISTAKE:

Every company needs to work like a digital company

Companies today know they must embrace digital or face being obsolete. But digital is not just about writing an app — it’s about rewriting your company and changing the way you work. To accomplish this, business leaders tend to make decisions that seem perfectly rational. While these assumptions and strategies have worked in the past, it often doesn’t translate well in the digital world.

This eBook highlights five counterintuitive mistakes frequently made by organizations that seem rational when building a digital strategy, but actually can be course-altering mistakes. It also provides an alternate path to achieving the same objectives using approaches common in successful digital companies.

Wherever you are on your digital transformation journey, these lessons can help you make the right decisions upfront and set your organization on course for a strong digital future.

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Five counterintuitive mistakes

1. Think big, focus on scale
2. Use digital as a distribution channel for existing offerings
3. Operate as one integrated company
4. Control your own destiny, own the full stack
5. Create a standardized partner model
MISTAKE 1:

Think big, focus on scale

Savvy business leaders recognize the changes happening in their industry and fear becoming another fallen legacy enterprise. So, they will often go to extremes to position their company for success.

To combat the threat of disruption, many business leaders react by taking on too much, too fast. They believe pulling out all the stops to scale operations will stop them from becoming obsolete. So, they ramp up hiring, overextend their product organization and allow funds to flow freely to realize an ambitious digital vision.

After all, to build bigger, better products faster you need more people and more money, right? But herein lies the counterintuitive mistake.

A good approach is to start small and scale fast.
TRY THIS:

Do things that don’t scale first, then sustainably scale

For startups, a scarcity of resources creates a sense of urgency and a focused and scrappy attitude. Teams can re-imagine the solution with the flexibility and agility that delivers innovations to the market quickly.

Start by validating your hypothesis before trying to operate at scale. Execute your vision with small teams, just the right amount of budget and narrow scope. Focus your organization on the most important problem with the greatest impact to ascertain problem/solution fit and product/market fit. Only after you’ve achieved success here should you think about how to sustainably scale.

EXAMPLE:

Airbnb started with just a single listing of a San Francisco loft offering 3 air mattresses and a hot breakfast. Only after proving a market need did it start building the global network that we know today.
MISTAKE 2:

Use digital as a distribution channel for existing offerings

A common approach to "going digital" is to offer your existing products and services through a digital distribution channel. By simply placing your offerings on the web, you are not creating a digital business. Instead, you are creating a one-dimensional distribution method.

This move seems logical since your customers are able to access your products and services in a way that was not available before. You’ve seemingly opened up an entire new avenue of revenue that came from "digital" traffic. But you haven’t really changed your ability to keep up in the digital world.
TRY THIS:

Make your business digital, not just your distribution

Instead of depending on legacy operating and business models, focus on changing the way your people work — which will lead to amazing new digital experiences for your customers. This will enact digital transformation throughout your business, versus just digital distribution.

When your business is agile and able to work with extended ecosystems, you will find continuous innovation and growth opportunities. Instead of being limited by ownership or bundled products, you can personalize your product with modular services and pricing based on usage.

EXAMPLE:

Netflix is a digital business pioneer. In the beginning, they used digital as a distribution channel for their DVDs. But as the demand for a better digital experience grew, they rewrote the way their company offered services. By adding the streaming, on-demand option they opened upon a new avenue that eventually gave way to their Netflix Originals content.
MISTAKE 3:

Operate as one integrated company

There is tremendous power in aligning on a common vision, mission, and purpose. This helps steer companies in a focused direction while fostering high levels of employee engagement and team performance.

However, many enterprises operate product units or lines of businesses with competitive offerings. This is due to many different factors during their growth. During digital transformation, the objectives of different teams may be at odds with one another. Digital initiatives may manifest “internal disruption” that can cannibalize the core business.

Businesses may find it more challenging than ever to stay unified, but this can actually stifle innovation. It seems counterintuitive, but creating teams tasked with disrupting the shared vision can stimulate fresh ideas that transform a business.
TRY THIS:

Create internal disruptors to question your assumptions

Small incubation teams — or “innovation labs” — operate outside of the enterprise structure with their own objectives, teams and culture. Protected from legacy processes, these teams are flexible enough to explore new business models and rapidly prototype new ideas. If a new disruption hits the market, they are nimble enough to react quickly and invent new solutions that can reposition the company.

This creates competing objectives and healthy friction between the large, established lines of businesses. Look for ways to create the right amount of internal disruption. Ensure incubator teams get the support they need to be successful, including budget, executive sponsorship and cross-functional support. Keep in mind that disrupting your own business can be more important than everyone playing ball on the same team.

EXAMPLE:

Many industry giants — like Lowes, Ford Motors, Aetna and Deutsche Bank, to name a few — have formal innovation labs focused on leading their enterprise toward successful digital transformation.
MISTAKE 4:

Control your own destiny, own the full stack

Many industries benefit from an outsource ecosystem — it is strategically key to building great product faster and cheaper. For example, manufacturing outsources product components assembly, corporations outsource business functions, such as customer service, and service industries operate with subcontractors or partners.

Outsourcing also has a place in the digital world. Technologies like content delivery platforms empower app developers to invent extraordinary user experiences never before possible. Yet, enterprises believe building their product entirely in-house will give them ultimate control over its performance in market or its evolution. However counterintuitive it may seem, they actually need to let go of control. At least, partially.

Integrate best-of-breed speciality technologies so you can focus on your digital core
TRY THIS:

Figure out your new core, partner for the rest

Any company must be cautious with their outsourcing strategy to ensure they still own their core product. But, what does this mean in practice? Companies who produce innovative technologies are specialists with a refined expertise. Startups understand building tech in-house could take too long and cost too much. Instead of "reinventing the wheel," they integrate powerful external components into their apps, thus amplifying value right away. They have absolute control over their users’ digital journey and experience — this is the digital core.

Your must understand your company’s digital core. What is the user experience you want to curate? What will drive your value proposition? Once you identify this, never outsource it. Be sure to own your core experience and leverage the specialists for essential yet non-core functionality.

EXAMPLE:

As they go digital, insurance companies focus on building a differentiating online claims experience for their customers – their digital core. Companies look to expert partners like Box to power their secure content management and other supporting systems, instead of creating this on their own.
MISTAKE 5:

Create a standardized partner model

Conventional business wisdom says a standard partner model is the best approach when creating your ecosystem. With a one-size-fits-all model, then you can ensure that every partner will be used and treated equally for your benefit.

However logical this may seem, the reality is that not all partners are created equal. Every partner has their own strengths and services to contribute to your business, and treating them all the same can cause bureaucratic slow down. It could also dissuade smaller, scrappier companies from working with your business.
TRY THIS:

Use digital partners to speed you up, not slow them down

Get an in-depth understanding of what your partners are doing and how they can contribute to your business. Only then can you determine how to integrate them into your partner ecosystem — and how to best work with them as a partner.

You should also make sure that your processes don’t impede the benefits that these partners can bring to you. Customizing how you work with each partner keeps your ecosystem healthy and thriving.

EXAMPLE:

GE has joined forces with industry leaders to cement their position as a digital industrial innovator. By forming unique partnerships with each innovator, they have formed a personalized partner ecosystem that is committed to the same mission as GE — to advance the new digital industrial era.
Towards a new logic

Much can be learned from successful digital startups. Lean, flexible and agile, these digital companies are primed to both combat disruption and to become disruptors themselves.

It is entirely possible for traditional enterprises to adopt a startup-like approach. As business leaders steer their company towards a digital future, avoiding common pitfalls is as important as charting the right course. As you proceed on your journey, be sure to reconsider your tried-and-true assumptions and strategies.

But there is one universal strategy that will never change: creating amazing experiences for employees, customers, partners and suppliers. As your company builds new digital experiences, content will play an essential role in your transformation. Turn to experts like Box to accelerate your digital journey, powering content functionality within your custom web and mobile apps.
Let’s work together

Cloud Content Management with Box is the simple and secure way to modernize your IT infrastructure, bringing all of your people, information and applications together to transform how you work.

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