

# Industry X.0 - Digital reinvention to reignite industrial growth in South Africa

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New transformative digital technologies hold substantial promise for South African companies and the economy. While local organisations have shown an early willingness to adopt artificial intelligence (AI), machine learning and big data, it remains for these to be customised to the local context in order to realise their true potential for economic gain.

Speaking at the launch of Accenture's white paper, *Industry X.0 Combine and Conquer – Unlocking the Power of Digital*, Gordon Institute of Business Science (GIBS) faculty and CEO of The Strategists, Abdullah Verachia, said the world is in a period of phenomenal change.

"South Africa has the tools to use technology in a way that is relevant to our pain points and our challenges." He called on companies to focus their efforts on contextually relevant innovation and strategy.

Verachia said enterprises like WeThinkCode, Future Nation Schools and Quali Health were good examples of local companies disrupting according to the South African context: "We need to shift innovation into a country context and use it to change the lives of people," he said.

## Digital reinvention in South Africa

Addressing the forum from Accenture Mumbai via Skype, Managing Director at Accenture Research, Raghav Narsalay said South Africa does "enormously well" in terms of digital competitiveness, knowledge and aptitude. Local companies demonstrate successful digital adoption and willingness to invest in new technologies and skills. "However, the paradox is that this is not translating into driving national growth," he said.

South African companies place an enormous amount of focus on leveraging the power of digital to drive down costs for efficiencies, often at the cost of customer experience, he added.

The Industry X.0 white paper explains that a major problem was local companies attempting to emulate the tactics of leading corporations in advanced economies. "These 'me-too' strategies don't allow local businesses to use digital technologies to better understand and serve local customer needs, finding ways to accelerate growth."

The most pressing concern was a lack of accurate and continuous knowledge about clients and their context.

"Industry X.0 is an opportunity for South African companies to leapfrog to digital leadership and incite the digital reinvention of respective industries."

Narsalay explained that local companies stood a chance to gain significantly from this digital reinvention, saving on cost per employee and advancing gains in market capitalisation. "South African business surely needs something different to ignite growth," he said.

The automotive and resources sectors were among those leading the way in integrating new technologies and the principles of Industry X.0 into their operations.

## Moving businesses to Industry X.0

Selecting the appropriate combination of technologies will allow South African companies to completely reinvent their

operating models, Accenture's Industry X.0 white paper explains. This can be done by transforming the core of the business, placing a new focus on customer experience, outcomes and innovative business models, and by building a digital-ready workforce.

Narsalay said the first step for companies wishing to drive their digital strategy in the direction of Industry X.0 is to map the efficiencies they hope to gain, followed by the experiences they want to drive for their workforce and customers. Finally, they must select which technologies to combine.

"The technology is available," Verachia added. "What's needed now are smart thinkers who are able to connect the dots."

He said too many companies were caught up on the 'disruption' element of new technologies, and should rather focus on the interplay between innovation and disruption. "Instead of pursuing disruption for its own sake, it is important to look for the right combinations of technology and be more curious."

In the coming three to five years, Verachia argued companies were going to become more reliant on social scientists such as behavioural economists and sociologists. This particular skill set, which would add human insight, embedded with digital scientists "will really give us competitive strategies and allow us to understand the dynamics of competitiveness."

## Employment risks and AI

Getting the buy-in of senior management was crucial when embarking on digital transformation, Raghav explained: "People feel threatened when digital enters the boardroom, as they don't understand what they can do with it, which leads to anxiety."

Fears around jobs losses due to AI were not unfounded, Verachia said, and people would have to continuously reskill themselves in order to remain relevant.

Innovation Lead at Accenture, Rory Moore, argued that while certain jobs would disappear, new ones would also be created. "The traditional job market will change, as we are at an inflection point." He explained the future of work would consist of AI technologies working in conjunction with people, rather than replacing human actors entirely.

Moore's advice to business was to take more risks and shift focus away from best practice and towards innovation. "Whereas the cost of failure was previously very high, digital has brought this down. Companies should spend less time on strategy and more on iterations and trying to implement their ideas. An over-reliance on best practice can be misleading and hold us back. It's actually risky to play it safe."

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