

# Defeating disruption

# Yes

## Strategies for adapting to new technologies and other external changes

Just about every industry is facing some sort of disruption whether it's emerging technologies, new competitors or regulations. According to Optus Future of Business Report 2015, those organisations who are capable of adapting to external change, are more likely to survive.

The report's findings show that businesses that are more ready for change are 56 per cent more likely than those with low scores to be capable of changing to deal with external influences.

At Optus Vision 2015 we asked three business and government leaders to speak about how their organisations are adapting to digital disruption and other external change. We heard from:

- Grantly Mailes, former Chief Technology Advocate for the Victoria Government, about how governments can stay relevant in the digital age.
- John Batistich, Director of Marketing at Scentre Group, Westfield's operator, about how digital technologies are changing the way we shop.
- Craig Ryman, CIO at AMP, about responding to marketplace shifts with agility.

You can view videos of the full presentations by Grantly Mailes, John Batistich, Craig Ryman and other Optus Vision 2015 speakers at [www.optus.com.au/vision](http://www.optus.com.au/vision).



### Grantly Mailes speaking at Optus Vision 2015



### Delivering new digital government services

Grantly Mailes talked about how governments could overcome the challenges in delivering services in the digital age.

Those challenges included the sheer volume of government services yet to be moved online. While governments have made good progress, particularly at state level with portals such as Service NSW, the vast majority of services are still offline and only available from contact centres or bricks-and-mortar branches. In fact, Mr Mailes' own research for Service Victoria indicated that only around 12 per cent of the government's services were online.

"Government is lagging because we're big and we have some very complex tasks to do," said Mr Mailes. "Governments transact with people in a number of ways, and often with the three tiers of government. We are a loose federation of around 560 governments and 15,000 departments and agencies across the country."

Another challenge was working with ageing, inflexible legislation that doesn't allow for new digital business models. He cited the example of Airbnb which, on one hand, had been signed up by the Victorian Government to provide free accommodation for victims during natural disasters. Yet on the other hand, bodies such as the City of Melbourne's Building Appeals Board had refused permission for home owners to rent out their residences on a short-term basis via Airbnb. In Victoria, accommodation was regulated by the Public Health and Wellbeing Act, which was enacted in 2008 – the year Airbnb was founded.

To overcome these challenges, Mr Mailes advocated a number of strategies, including:

1. Putting customers first, whatever it takes. "Close to 70 per cent of customers want get information from or about governments online," he said. "If that means Commonwealth, state and maybe one or two local governments have to collaborate, then that's what we need to do."
2. Building digital-first, mobile-first services. Only around 2 per cent of Victorian government services were "born digital" and used modern business processes, but that had to change, Mr Mailes said. "People want government services to be delivered on the device of their choice, at the place of their choice."
3. Developing digital-first legislation. "We need to find ways to accelerate the process for a new model for legislation, our legislation needs to be flexible enough to take account of digital business models."

**John Batistich**  
speaking at  
Optus Vision 2015



## Lessons for the front line of a highly disrupted industry – retail

John Batistich outlined many of the changes facing retail – one of the more disrupted sectors. Some of the highlights included:

- Increasing location awareness. "Not only is mobile the world's greatest shopping tool, but it also provides location data," Mr Batistich said. "While the last decade was about browsing and buying online, which fuelled much of retailers' information about customers, location data will give more context to that information," Mr Batistich said.
- Rising digital influence. It's no longer about online versus offline, he said. It's about how online channels are influencing physical stores, and vice versa. Research had found that 50 per cent of all in-store retail sales had been influenced by digital channels<sup>1</sup>. At the same time, multichannel shoppers spent 3.5 times more on online sales than single-channel buyers, according to UK retailer John Lewis<sup>2</sup>.
- Interactive stores. Mr Batistich cited digital applications that help customers find the goods they want in store (Tesco), find the right garments to fit their body size and shape (Marks & Spencer) and choose makeup that works with customers' colour palette and skin tone (Kiko).
- More fulfilment choices. "Increasingly, buying is being decoupled from acquiring goods," Mr Batistich said. Retailers are introducing more and faster ways of fulfilling purchases, such as click-and-collect hubs.

These changes required businesses to build new digital infrastructure, Mr Batistich said. He pointed to industry analyst Jeremiah Owyang's Collaborative Economy Technology Stack<sup>3</sup> as an example of what would be required for most businesses, not just retailers, to succeed in the future.

This stack includes:

- A shareable resources layer that enables businesses to access idle resources such as office space or IT from anywhere
- A device and application layer that allows the right people to access the right apps and data via mobile devices
- A developer layer, including application programming interfaces that enable companies to connect their software to external data or applications
- A trust layer, including ratings, reviews or social media integration that promote a network of trustworthiness
- A data layer, such as big data analytics, which would be at the heart of successful businesses.

New infrastructure needed new skills, Mr Batistich said, with data analytics, programming, digital platform operations and digital experience designers becoming critical competencies.

"We will also need to have expertise in personalising content, and be able to understand context and conversations to deliver the right content to customers in those important moments," Mr Batistich said. "We will need curiosity and agility to take our skills into unknown areas."

1. Omnichannel Retail 2014, L2, [www.l2inc.com/research/omnichannel-retail-2014](http://www.l2inc.com/research/omnichannel-retail-2014).

2. Retail Insights, IDC, <https://idc-community.com/retail/retailomnichannelstrategies/john-lewis-multichannel-shoppers-spend-35-times-mo>.

3. How the Technology of the Collaborative Economy all Works Together, Jeremiah Owyang, [www.web-strategist.com/blog/2015/03/01/how-the-technology-of-the-collaborative-economy-all-works-together/](http://www.web-strategist.com/blog/2015/03/01/how-the-technology-of-the-collaborative-economy-all-works-together/).

**Craig Rayman**  
speaking at  
Optus Vision 2015



## Becoming 'change fit' to deal with long-term disruption

Craig Ryman explained how AMP was implementing four key strategies to deal with change:

1. Listening to customers. "We're using data analytics to improve our ability to listen to our customers, understand what they want and use those insights to provide personalised experiences," Mr Ryman said.
2. Delivering an omni-channel experience. "This is actually a core component of customer centred organisations now. If you're not offering an omni-channel experience, you're not allowing your customers to choose the way they want to engage with you, and if they're not able to choose, they'll go somewhere else."
3. Innovating with the cloud. "Cloud is no longer just a cost-saving utility. Its real value now is the innovation platform it provides, with new tools and capabilities like automation, machine-to-machine learning and enterprise scale."
4. Creating workspaces of the future. "We're renovating our Circular Quay office in Sydney and turning it into an activity-based workplace, and ramping up our use of new collaboration tools."

Mr Ryman said these strategies were just the start of AMP's transformation. In fact, he contended that the economy was not just going through a period of disruption. "We're actually in a period where the pace of change has escalated and this will be sustained for many years to come," he said. "Organisations will be continually disrupted with new technologies and new business models that alter the economics of their industries."

In other words, change is the new norm. Mr Ryman said that organisations could no longer afford to change as they traditionally have – by going through a period of change when they had to, followed by a period of stability until forced into another change and so on. Businesses now had to be continuously adapting and evolving.

He likened it to being an athlete – organisations had to be always in good shape and 'change fit' to perform well. Mr Ryman cited the example of an AMP division that had gone through a difficult, four-year transformation. However, when the people in that division were required to go through further change due to AMP's merger with AXA, they did so within nine months and yielded better results from the merger than any other part of AMP's business.

"They succeeded because they were change fit," Mr Ryman said.