

Porsche Consulting Jun 30, 2020

Digital Leap: When If Not Now?

The coronavirus has accelerated digital transformation in many sectors. It has revealed deficits, but also released new energy. We look at five industries and their digital futures.



Health agencies reporting case statistics by fax, schools lacking the technical means for online instruction, and retailers without any digital presence—the coronavirus lockdown mercilessly exposed digital deficits in both the public and private sectors. But it has also released new energy and showed what is possible. For instance, the administrative organization with largely analogue technology that managed to digitalize its pandemic-related services essentially overnight from offices now located in homes. Or the teachers who successfully improvised their virtual lessons. And the retailers who creatively expanded their online business models. The cultural sector was equally inventive. Virtual tours of museums, livestreams of orchestra concerts, and literature festivals on Zoom will almost certainly expand accessibility to culture on a lasting basis.

The speed with which solutions have been found during the pandemic is an impressive demonstration of how highly complex processes like digitalization can be accelerated within very short periods of time. “It seemed unimaginable that working and studying online would actually become standard practice,” says Achim Berg, the president of Bitkom, an association of more than 2,700 German companies in the digital economy. “But now the enormous potential of digital technologies can no longer be overlooked.” For him the crisis represents a turning point in digitalization, and a wake-up call to pursue the process with all available means. There can be no turning back to the pre-crisis mode, he says. The course is now being set. Depending on the sector, organizations and companies have responded to the need for digitalization in many different ways.

Trade fairs: Virtual gatherings

“They were developed on short notice, and we’ve seen schools make creative use of the leeway they’re given.” But international comparisons reveal differences. Estonia, Denmark, and Finland, for example, were well equipped to offer online instruction because they had been using Web-based technologies in their school systems for years. Germany, however, struggled with inadequate technology and slow Internet speeds as well as a lack of online lesson plans, not to mention teacher training programs for this type of instruction. One reason for this might have to do with the higher average teaching loads in Germany than in many other countries, which would

leave less time for designing and developing online lesson plans.

"For many schools it was like a crash test. They had to improvise and come up with solutions on the fly. There was a price to be paid for having failed to put sufficient resources into online educational opportunities in the past," says Christoph Meinel, the director of the Hasso Plattner Institute (HPI), which provides an educational platform called the HPI Schul-Cloud, funded by the German Federal Ministry of Education. It is increasingly clear that the old status quo is a thing of the past. "The pandemic gave a decisive boost to digitalization at schools and universities," says Meinel. For his part, Schleicher emphasizes the future importance of more than just good technology and educational platforms. "Education and further training also have to be an integral part of teachers' working environments," he says. "We can't expect students to take a lifelong approach to learning if they don't see their teachers doing that as well."

"Within twenty-four hours, I developed and implemented a way to provide online advice to people who want to buy plants," she says. Her approach used tools like video conferences and messaging apps. In addition to stemming a loss in sales, she also wanted to prevent her plants from spoiling. Czok continued to supply her customers with plants via the PlantSale channel she set up on Instagram. It didn't hurt that she had already been active on Instagram and Facebook, with a substantial following. "It's absolutely essential to have a good community," echoes Frank Rehme, the managing director of Mittelstand 4.0-Kompetenzzentrum Handel, a support center for retailers in Germany seeking to digitalize.

As the example of Winkel van Sinkel shows, small businesses have ways to build a presence online, for instance by using social media. Other retailers, as well as restaurants, are relying on the power of communities to enable rapid online sales and orders—on local shopping platforms, for example. Thalia Mayersche, the leader on Germany's brick-and-mortar book market, and the Osiander chain in southwestern Germany created the "Shop daheim" (shop at home) platform to connect customers and retailers in all sectors. As yet another example, it has long been routine practice in many Asian countries to buy products such as groceries online. This helped make the extensive lockdown in some Chinese cities possible. The country's e-commerce market is one of the largest in the world. Its sales in 2019 grew by around 20 percent to the equivalent of 1.2 trillion US dollars.

According to Rehme, retailers whose business models have neglected digitalization have some catching up to do. He estimates that around 30 percent of German retailers do not even have an inventory control system. "By now everyone understands how important it is to have an online presence," he remarks. What's important for digitalization is to "always respond directly to customer needs, and to be inspiring." Like Zelda Czok. Although most of her customers have returned to her shop, they still have the option of buying plants online. Czok plans to continue developing her online strategy after the virus has passed. She expects to have a Web shop that can handle purchases automatically. As she explains, "That will give us more time to address the individual wishes of our customers."

Info

Text first published in [Porsche Consulting Magazine](#).



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