

Missed Opportunities

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24/10/2017 Christoph Keese criticizes German businesses.

He's a polarizing figure. Yet he can be sure of respect from both the scientific and business communities. Author Christoph Keese is applying his investigative skills to digital transformation. After spending time in Silicon Valley, he has turned his attention to German industry. His aim is to make "an uncompromising assessment," and his underlying question has a hint of cynicism: "Will Germany become a museum of technology or its own version of Silicon Valley?" Many of his observations hit the nail on the head.

Christoph Keese's thoughts on ...

... connectivity versus autarky: "German companies started digitizing early on. But they are failing to open their products up to the outside. They build hardware in a way that connectivity cannot arise. Autarky, which used to be an advantage, is becoming ever more of a disadvantage. It is incompatible

with the trend to connect everything with everything else, and it resists the Internet of Things."

... specialization: "Industry cannot function without specialized expertise. The deeper the knowledge, the more successful the products. But when it comes to digitization, specialization is a danger that leads to isolation."

... culture: "Industrial culture in Germany disapproves of making mistakes. As honorable as that attitude may be, a zero-error culture is ultimately problematic in the digital age. As soon as new trends start changing the markets, if you're not sufficiently daring you'll miss out on opportunities."

... platforms: "Thanks to their low costs and high market clout, platforms yield enormous profits. They bring supply together with demand, and make many markets more efficient. Companies that use platforms can put producers of goods out of business by pushing down prices."

... business models: "For a long time, companies thought that success was based on product quality alone. This conviction is deeply anchored in the culture of German engineering. But technology cannot master the digital transformation on its own. It's equally important to have the right methods of bringing these products to customers. It's not just a matter of what you sell, but also of how you sell it."

... disruption: "We're worse at disruptive innovation in Germany than we could be. The companies with the best chances of survival are those that invest rigorously in their cannibals. That's how to profit from disruption."

... leadership personnel: "Digitization is changing the role of managers. They can no longer see where the best road will lead. Their new job is to guide the finding of answers. That compels them to abandon their old view of themselves. And it turns them into networkers."

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