

Digital Leap: When If Not Now?

30/06/2020 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.

Digital turning point

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

Trade fairs were affected right from the start of the coronavirus pandemic. As large-scale events with hundreds or thousands of participants, exhibitions around the globe had to be canceled or postponed. Those organizers with the ability to switch to virtual platforms considered themselves fortunate. One of them is Gamescom, the leading European trade fair for computer and video games. Fans and experts gather every year in Cologne to catch up on the latest developments in the field. The fair had already rolled out initial digital formats in 2019. “That enabled us to reach millions of fans online,” says Tim Endres, the director of gamescom. “Digitalization had already made enormous strides in the trade fair sector before the coronavirus hit,” he adds. The event will take place entirely online in late August 2020: “Gamescom 2020 will be the first purely digital event run by Koelnmesse.” Now Endres and his colleagues are refining their digital formats and working at full speed on additional exhibitions. “The fact that we didn’t have to start from square one has paid off.”

Overall, however, the effects of the pandemic on the worldwide exhibition and event industry have been severe. UFI, the Global Association of the Exhibition Industry, estimates that cancellations will lead to losses of as much as 134 billion euros in the second quarter of 2020. “But trade fair organizers are inventive and flexible. In the future, some formats will be more compact or spread out over more space in order to meet hygiene requirements—and will be enhanced by digital components for customers who cannot be there in person on account of travel restrictions,” says Kai Hattendorf. He is the managing director of the UFI exhibition association, based in France, which represents the interests of around 800 member organizations in eighty-eight countries and regions worldwide.

Endres, too, is convinced that “trade fairs have always revolved around personal contacts made at event locations. Although we obviously will continue to digitalize, online options cannot and should not replace real-life participation. As soon as real events are possible, we will use hybrid formats—wherever appropriate—like a combination of actual exhibitions and digital offerings.”

Administration: Suddenly online

The need to digitalize appeared literally overnight. At the start of the coronavirus crisis in March 2020, German administrative offices put applications for temporary unemployment compensation and

emergency relief for companies and freelancers online. The pandemic showed how important it is for countries' administrative processes to function digitally. "Online government services are an effective tool for mastering the challenges of this crisis," says Ernst Bürger. Since late May 2020 he has headed the newly instituted Digital Administration department at Germany's Federal Ministry of the Interior, which is charged with accelerating the process of digitalization.

According to the 2018 United Nations E-Government Development Index, which surveys the digitalization status of all 193 member states every two years, Germany holds rank 10. Sweden, Finland, and France all score above it, and the world leader is Denmark, which launched a digitalization strategy back in 2001. Danes can use a personal ID number to do things like apply for social security or child benefits, make medical appointments, and pay bills online. The top ten countries also include Australia, which is working on digital IDs, and Singapore, whose digital administration processes are advanced by a government-sponsored Smart Nation program.

By the end of 2022, nearly 600 administrative services are expected to be accessible online in Germany—as prescribed by the Online Accessibility Act passed in 2017. Studies by the Docupy reporting project at the WDR public television station show that in early March 2020, applications for just three administrative services could be submitted online. Applications for seventeen others could be filled out online and printed, but no single service was entirely usable online. But that quickly changed. As of May 2020, pandemic-related services such as housing benefits, emergency child benefits, and employee compensation can now be applied for online. Next in line to be digitalized are applications for unemployment compensation and subsidies for students and schoolchildren. As Bürger notes, "Crises require people to act quickly and decisively. The virus forced us to seize the opportunity to digitalize. Our agenda now is 'Prioritize digitalization!'"

Education: "Finally a boost"

Well before the coronavirus broke out, prescient teachers were posting creative ideas for online teaching methods on Twitter with hashtags like #twitterlehrerzimmer (twitterfacultylounge) , #WeAreTeachers, and #EduGladiators. They had a clear advantage when lockdowns were instituted worldwide in February and March 2020 and schools were affected as well. "The crisis has shown that there are incredibly good ways of offering education online," says Andreas Schleicher, who heads the Directorate of Education and Skills at the Organization for Economic Cooperation and Development (OECD).

"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.”

Healthcare: Doctors’ experience is key

These computers can “smell” danger: equipped with real biological neurons, sensors in devices from Koniku, a U.S.-based start-up, can detect not only traces of explosives but also viruses in infected individuals. Julia Belaya knows how important such visionary ideas can be in combating epidemics. As the director of business development for the healthcare division of the Plug and Play Tech Center in California, she brings start-ups, investors, and corporations together. In the Covid-19 Accelerator program, start-ups like Koniku are working on digital solutions to the pandemic. “The coronavirus has enormously accelerated digitalization in healthcare,” she says. “Virtual medical appointments used to be fairly rare before the crisis, but now they seem almost routine.” Thomas Kostera, a healthcare digitalization expert at the Bertelsmann Foundation, is also observing these developments. “In Germany, but also in countries like France, supply and demand for video appointments have increased markedly,” he notes. “In many cases, patients can be seen without having to set foot in the office.”

Belaya is certain that interest in areas like telehealth and remote disease monitoring will continue to grow after the pandemic. “Covid-19 has led to greater acceptance and demand for virtual interaction between doctors and patients,” she says. “And the healthcare sector will have to adapt to this.” Kostera singles out a key part of the process: “We have to carefully evaluate the experience that doctors, nurses, and patients have now gained in this area, and then use it to decide how current digital innovations can continue to be used or also improved.”

Retail: Green light for online sales

Winkel van Sinkel, a retail shop in Hamburg run by Zelda Czok, is filled with vibrant green vines, succulents, and air plants—normally, at any rate. When Czok heard about the imminent lockdown in March 2020, she swung into action.

“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."

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