Egalitarian and fickle: the changing business landscape

By [Lauren Hartzenberg](#)   21 Jul 2016

An Amazon Web Services (AWS) Summit was held in Cape Town last week - the first of its kind on the African continent. Amazon.com chief technology officer Werner Vogels was on a first-time visit to South Africa and graced the Summit with his presence to deliver a keynote address.

Werner Vogels, CTO, Amazon.com

According to Vogels, South Africa is an important market in the world of AWS. The company experienced some of its birth in the Cape Town suburb of Constantia 10 years ago and SA organisations were among the earliest adopters of cloud services when the AWS launched. The company continues to thrive here with both an SA-based technical development centre and support centre.

IT extortionists

Citing AWS as "the fastest growing IT company ever," Vogels credits the company's success to the economic model that the company introduced into an IT services environment which practised seemingly extortionist tactics. His memories of being on the customer end of IT services are not fond ones. "I've been on the receiving end of buying IT and I hated it. It always felt like the IT provider was in charge, and the only way to get the price down was to enter into very long-term commitments. Then I had to write a big cheque upfront, and once they received it, they'd walk away and didn't care anymore."

Vogels believes that consumers should not have to pay for a service if they don't use it, and if they are not receiving adequate service they should have the freedom to walk away. Simple really. But the customer-centric service approach that was happily being applied in retail environments, was not being carried over into IT.

This was the inspiration behind the non-contractual, pay-as-you-use IT model AWS uses. "We wanted to make sure there was an economic, contractual and legal model that went with [our technology] that puts the customer in charge." He believes that this refreshed IT model not only benefits the consumer, but is a performance driver for the business as it motivates staff to deliver quality constantly. He adds that this model was a major escalator of the company's growth. "We dealt with issues occurring in the economy and changed former ideas about how IT is consumed."

"When I look at how far the company has come, as a CTO I may want to believe it's because of the technology we've built … but the major impact we've had is because of the economic model that went with it."

The cloud society

According to Vogels, AWS boasts the largest number of startup clients as an IT provider; this includes the likes of AirBnb, Pinterest and Lyft. A fuel for this boom in startup innovation is cloud technology. Many of the company's startup customers, he says, have grown up on the cloud and are reliant on it. "Without it, they would have to make much larger investments and focus so much more on IT. Services like the cloud are levelling the playing field for organisations, with fast adoption that has assisted in unleashing great ideas and innovations from startups to large enterprises."

A new egalitarian and democratised business society is being formed. "What's happening is that small businesses have the same level of software capabilities as larger ones. Access to IT services is no longer a determining factor in whether you can reach your customers. All companies are now able to be positioned in front of their customers because technology is no longer a barrier."

The cloud is also a vital enabler of digital transformation – a concept which Vogels asserts is no longer an option but a necessity. "Digital used to sit underneath marketing but it's now something that underpins every business process – not only underpins, but deeply integrates. We see the role of cloud as an increasingly important part of the pervasive use of IT and digital services."

©gajus via 123RF

Digital transformation

Why the need for digital transformation you ask? Survival. "If we stop innovating, in ten to fifteen years we'll be out of business. Many enterprises are under attack, not by traditional competitors but from startups or larger internet companies that move into their territory." Money transfer services are an example of this, often being cheaper and more aligned to the market; they're giving traditional banks a run for their money.

Vogels stresses that digital transformation needs to filter into company culture because its workforce will be largely digital natives, if it isn't already. You can't be digital on the outside if you're not digital on the inside. He denounces a company culture with stuffy policies surrounding staff bringing in personal devices or checking social media accounts. "If you want the best from your workers and expect the world from them, they need to be allowed to bring some of their life into the office. Businesses need to adjust their requirements to the digital natives." Not the other way around.

Reinvention

He cites General Electric (GE) as a good example of an older organisation that has gone through a praise-worthy digital renovation and stood the test of time. "GE happens to be the only company left on the original S&P 500 Index. Back then, the average life-span of a company on the original S&P 500 was 60 years, today it's 30 years." The expectation is that of all the companies that are on the S&P 500 now, 75% of them will no longer exist in 2025.

It's a sobering prediction, but Vogels is a firm believer in the power of efficiency. "There's still a lack of capital in the market, so be as efficient as you can while maintaining high product quality." It's equally important to constantly self-analyse as a business, and innovate when necessary. "You need to reinvent yourself constantly to ensure you're addressing your customers and reaching them with your products in the right way." General Electric CEO Jeff Immelt said it best: "If you went to bed last night as an industrial company, you're going to wake up this morning as a software and analytics company."

ABOUT LAUREN HARTZENBERG

Managing editor and retail editor at Bizcommunity.com. Cape Town apologist. Dog mom. Get in touch: lauren@bizcommunity.com
▪ The secrets behind Israel's rise as a 'Startup Nation' - 8 Aug 2018

- Israel's plan to accelerate innovation in sports tech - 31 Jul 2018
- #DesignMonth: Chatting molluscs and mobile gaming with Thoopid - 16 Feb 2017
- #BizTrends2017: Reimagine work, redefine productivity - 31 Jan 2017
- #BizTrends2017: People-powering the digitalisation process - 27 Jan 2017

View my profile and articles...

For more, visit: https://www.bizcommunity.com