The Rise of the Digital Unit: Future-proof success through dedicated transformation

Making a company future-proof and undergoing a digital transformation have no choice but to go hand in hand these days. This is and has been a chance for established industries to re-invent themselves, evolve or even revolutionise their old ways. New, digital manners of thinking in order to make business that fits today’s clients’ needs is crucial – but never an easy journey. Building digital units has become one of the most trusted and leveraged tools to accomplish long-term business success. But how do these units work and what can they change? And why does this have everything to do with digital transformation?

**What’s the difference between digitalisation and digital transformation?**

Digital units, such as the one that Koenig & Bauer has established one year ago, are founded with one goal in mind: Successful digital transformation – the holy grail of culture change and future-proofing.

The term *digital transformation* is often being used interchangeably with the term *digitalisation*. While these concepts are obviously very much linked, they differ vastly in their goals and operational approaches. In a lot of business contexts, these definitory differences are not made sufficiently clear to the whole of the staff body – sometimes resulting in misinterpreting what it means for a company to be on a digital transformation journey. Here is how we define each concept at Koenig & Bauer:

* Digitalisation generally refers to converting analogue into digital processes. This is likely to include digitising analogue information into digital form: for example scanning paper documents to convert them into digital files. Digitised information is often part of establishing digital processes – such as the process of sharing new product-, client- or even HR-information within a company via an internal digital network, or managing client information in dedicated software programs instead of in paper files and cabinets.
* Digital transformation, on the other hand, refers to an – ideally – holistic journey of transforming a company’s DNA by interpreting mission, vision and values in the context of a digital realities and opportunities. In many cases, this means changing, or at least adding to the existing business model. This happens when a company decides for example to create new digital products or services, that either substitute or complement existing products or services.   
  But digital transformation doesn’t only touch the production side of the business, it is also very much relevant to the part of the business that is in contact with (potential) clients. Digital transformation in Marketing, Sales and Customer Support has been felt most noticeably in regards to the rise of Social Media.

Put in a nutshell: digitalisation is about making existing processes more efficient and accessible through digital technology, while digital transformation is about using digital technology to drive fundamental changes in a business.

"Digitalisation is like adding wings to a plane, making it fly faster and more efficiently. Digital transformation, on the other hand, is like building a spaceship and launching into a whole new universe of possibilities. To succeed in digital transformation, you need to be a visionary astronaut who's not afraid to explore uncharted territories of innovation.” (Sandra Wagner, VP Digitalisation at Koenig & Bauer)

These fundamental changes, however, often don’t drive themselves without a team that is dedicated to the digital transformation cause and has understood that this also means a *cultural change* for the entire company.

**What is a digital unit and what does it do? Productive disruption from within**

Many companies dread it, many have experienced it, and some were driven out of markets because of it: disruption caused by new digital business models that enter, and eventually dominate, existing markets. The logical conclusion for staying relevant in any industry for many company leaders has therefore been to drive disruption from within – instead of letting new players with more contemporary, modern business strategies do it for them.

Making the transformation a priority for boards or top level management, as well as appointing a Chief Digital Officer (CDO), are important first steps into a digital transformation journey. As the next step, many companies, especially those in which the core product can only be a physical product (such as machine manufacturing), have made the important decision to establish digital units.

**The Koenig & Bauer digital unit – innovation hub for the printing industry**

At Koenig & Bauer, the establishment of our digital unit one year ago has very clear goals and objectives:

* We identify new business models, develop new products and services in our own right, as well as products and services complementing the core business.
* We are future-proofing the company’s mission – before any disruptor does.

This benefits all parts of the business, especially when it comes to data handling and customer loyalty:

* We break down data silos and thus increase data security: Our aim is to centralise and harmonise different data bases in the various business units by for example storing all data in a common cloud.
* Due to our approach, we are not only making good use of machine data – we are able to develop data-based business models to enhance customer experience and retention.
* Our products and services enhance customer support through the right digital tools, while at the same time helping the clients’ make their processes more efficient.

“Our greatest achievement is elevating Koenig & Bauer to new heights: We are expanding from a pure machine supplier to a technology partner, adding to the company’s century-old culture of innovation and pioneering.” (Marcel Guntsch, Head of Digital Operations at Koenig & Bauer)

*Is your company also well on the way in their digital transformation? Join our* [*LinkedIn*](https://www.linkedin.com/company/koenig-bauer-digital/) *community to learn more about our journey – and let’s exchange on best practises, learnings and challenges overcome.*

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