

## ARTICLE REVIEW

### Digital Doesn't Have to Be Disruptive

Authors: Nathan Furr and Andrew Shipilov  
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Digital transformation has rapidly become an imperative for companies to transform their business models and adapt to new realities. Although all businesses understand that change is inevitable, many business executives still face enormous challenges when it comes to ratifying digital transformation for the next business leap.

The article “Digital doesn’t have to be disruptive” by Furr, N. & Shipilov, A. (2019) provides readers of the Harvard Business Review with interesting food for thought. Through the 9 pages of this article, the authors present insights gained from interviews with over 60 leading companies from various industries, and interactions with hundreds of senior leaders while teaching. Both authors are professors of business

at INSEAD, an institution ranked 1<sup>st</sup> to 3<sup>rd</sup> in the global top-ten business MBA programs from 2017 to 2019, and ranked 1<sup>st</sup> by the World Economic Forum and Financial Times in 2016. Nathan Furr is an Associate Professor of Strategy with a research interest in how business firms adapt to technological change and enter new markets. Andrew Shipilov is a high h-index, i10-index Professor of Strategy, author of influencing strategic books, and well cited articles. He is an authority and expert in the areas of strategy, innovation, and networks.

This article presents a comprehensive discussion of the five critical myths and realities of digital transformation: a radical disruption of the value proposition, a complete substitution of physical to digital

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channels, acquisition of tech-based start-ups, new investments in digital technology, and the overhaul of legacy systems. This excellent discussion is suitable for readers who are interested in obtaining a better understanding of how businesses should respond to current trends, especially senior leaders and top executives. This article is not a factual how-to for IT technicians or digital analysts. Rather, it presents an analytical overview of the digital dilemma of business enterprises. Therefore, it is suitable for the general public as well as other sectors and all types of business.

To present their main argument: **Digital doesn't have to be disruptive**; as shown in the title, the authors interestingly challenge the readers with **5 Myths** and the corresponding **5 Realities**.

**The first Myth – “Digital requires radical disruption of the value proposition.” Reality – “The digital transition usually means using digital tools to better serve the known customer needs.”** The authors state the significance of digital technology, no longer in the cordoned-off domain of information technology. Rather, it is now applied in almost all parts of the company's value chain. Companies must put emphasis on the digital technologies which will provide the greatest impacts on their customer experiences, relationship synergies, and cost synergies. To further convince readers, the authors cited globally well-known companies such as Apple, Maersk, Aeroflot, G7, Marriott

Hotel, and Airbnb, as examples of effectively applying emerging digital technologies to address and better serve the known customer needs.

**The second Myth – ‘Digital will replace physical.’ Reality – ‘both/and.’** Without a doubt the Brick-and-Click business model serves as a hybrid tool which integrates both physical channels (brick) and digital channels (click) to meet the requirements of the ultimate customer experience. Brick offers more hedonic experiences to customers such as seeing, hearing, tasting, touching or smelling of products and services, as well as creating a more emotional connection between customers and the products, services, or brands. Click, on the other hand, can provide a more convenient shopping experience to customers. The authors convincingly provide classic examples such as Galeries Lafayette, Google, and Amazon's effective application of the Brick-and-Click business model to build a customer-centric strategy.

**The third Myth – ‘Digital involves buying start-ups.’ Reality – ‘It involves protecting start-ups.’** The authors underline the vital role of digital integration in tech-based start-ups, which are learning and finding synergies, and in preventing their destruction by acquiring the company's culture. To grab the reader's attention, the authors present Avnet, and Galeries Lafayette as successful companies which have gained the benefits of a start-up's ideas, processes, culture, and digital technology.

**The fourth Myth – ‘Digital is about technology.’ Reality – ‘It’s about the customer.’** The authors state that executives often think digital transformation is about changes in technology, but emphasize that it actually helps companies to better serve their customers needs by creating more-effective operations, mass customization, or new offers. Ultimately, it is the customer needs that matter. The reviewers suggest that not only do customer needs matter, but also the digital mindset of executives would encourage their subordinates to make breakthroughs and move forward together for the company’s success.

**The fifth Myth – ‘Digital requires overhauling legacy systems.’ Reality – ‘It’s more often about incremental bridging.’** Even though digital transformation possibly will require overhauling many legacy systems at once, it will not always end in disaster. The authors suggest that companies should gradually revamp their digital transformation by strategically creating and bridging the middleware interface with other modular subsystems in order to maintain operational stability, better meet customer needs, and relish steady growth throughout the digitization of the customer journey.

This article is considered to be one of the most interesting, insightful, and particularly well written, in such a way that it is difficult to argue with or disagree. The information is a stimulating and thoughtful, well-reasoned exchange of ideas and worth a review.

Overall, digital transformation is a great thing for most companies, whether newcomers, or well-established firms. It is not about disrupting or replacing, but about business enhancement. However, to be successful in this endeavor, a company must accept and adopt incremental changes in acquiring new information technologies and knowledge, and ultimately customer needs should be the central concern.

To this end, further research is recommended to conduct a longitudinal study in which data are gathered from the executives of companies undergoing digital transformation repeatedly through time.