

# A new age of business

## Companies that welcome the digital transformation see results

INTERVIEWED BY ADAM BURROUGHS

The digital transformation — the integration of technology into an organization to increase its competitiveness, core capabilities, profitability and productivity — is well underway. Organizations that have welcomed the wave of changes have found ways to wisely and effectively use it to improve business outcomes.

“Companies are able to more easily tailor their business to the needs and wants of their customers, which is enabling greater flexibility and changing the ways in which businesses operate,” says David Mustin, a partner at Skoda Minotti.

*Smart Business* spoke with Mustin about the digital transformation and what it can bring to companies that embrace it.

### What effect has the digital transformation had?

The digital transformation has disrupted the linear supply chain. Products can now be customized to a client’s specific needs, allowing value to be added in new ways.

In Industry 4.0, manufacturers can use additive manufacturing to customize products rapidly, meeting customer specifications efficiently while reducing downtime. There are companies, for example, that are manufacturing products with new 3-D printing technology, reducing costs by as much as 75 percent from former methods, all while speeding up the process and increasing product integrity.

### What is Industry 4.0?

There is a generational change in manufacturing that sees leading organizations integrating artificial intelligence, second-generation robotics, cloud computing and advanced materials to leapfrog companies using older techniques.

### DAVID MUSTIN

Partner  
Skoda Minotti

(440) 605-7222  
dmustin@skodaminotti.com



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This fourth generation, which has been advancing quickly since 2013, is defined by the blending of physical and digital processes to transform manufacturing for the better.

### How would you characterize the rate of adoption of digital transformation?

There’s a wide dispersion of adoption. In Fortune 500 companies, adoption is incredibly fast. Billions of dollars are being invested in these technologies — for example, many companies are leveraging IBM Watson to analyze large amounts of data and using robotics to automate distribution to handle small shipments quickly and efficiently.

In the middle market and private companies, adoption is moving more slowly. These companies often don’t have the capital or the expertise to move as quickly into digital transformation. Often they don’t have personnel who understand the technology enough to find what works and integrate it. These companies are hesitant to go through the necessary cultural change to be better prepared for implementation.

### How does a company get started in its digital transformation?

The first step for midmarket companies in their digital transformation is making sure their Enterprise Resource Planning (ERP) systems are running effectively. A business

intelligence platform can help the company understand what it is doing well, determine with greater certainty what products are profitable, which customers are profitable, determine more relevant sales metrics and produce an efficient turn of inventory. The business can then think about other digital tools that could help solve other problems.

Second, build an ecosystem of partners. It’s almost impossible for many smaller organizations to jump in solo and be successful. Forward-leaning organizations need to find partners in the areas of systems or advanced manufacturing practices that understand where technology growth is occurring and how to integrate those capabilities.

Third, establish a clear plan and set of objectives for the impact digital transformation can have on the business. Determine whether its greater efficiency, additional clients and/or new product innovation. Any of these are possible through a strong digital transformation effort.

Businesses that understand and incorporate business intelligence systems see greater opportunities to take out costs and drive efficiencies. It’s a mechanism through which companies can better understand where growth and cross-selling opportunities exist that ultimately leads to growth from the top line and cost savings to the bottom line. ●