

24th February 2016

Industry 4.0 – Curse or Blessing?

How the digital era will impact your business

Digitalization is all around us. Nearly everybody is talking about it, but what does it actually mean? In discussions about digitalization we can hear different buzz words. In Germany, it's mainly 'Industry 4.0', in Anglo-Saxon regions it's rather 'Internet of Things (IoT)' and then there is also the term 'Smart Factory'. What they all describe is the phenomenon of the constantly growing, unlimited and seamless connection among humans, things and machines. Digital products and plants will have an enormous impact on our lives in the future. Scientists and companies foresee a multitude of changes but the opinions are widely spread. Is the digitalization a curse or a blessing? In this article we would like to summarise some of the latest findings about the impacts of digitalization on employment and customer relationship management.

Digitalization and employment:

German scientists have examined various studies about digitalization. As they show in their recent publications, different scenarios about work evolution have been developed so far. On the one hand, digitalization may replace human labour with machines and most scientists predict this substitution for low skilled activities. However, lower skilled workers might be trained by using devices such as tablets or data glasses.

However, jobs which require lower vocational education might not be the only ones to be threatened by our digital development. Due to 3D printers, online-platforms, algorithms and apps, even highly qualified manpower such as dental technicians, teachers or estate agents might become victims of digitalization. On the other hand, the digital era may also stabilise or even revitalise industrial employment levels. Experts from BCG predict a great demand for highly trained employees in mechanical engineering and the automotive industry.

What we can further conclude from many studies is that IT abilities and skills in independent action and interlinked-process-orientated thinking will be essential for future employments.

Additionally, the future of work will mean more flexibility than ever before. Mobile workplaces and flexible working hours might increase our quality of work and life as work-life-balance will be an important aspect for future employees. However, the increase of flexibility means also new risks. Do we have the right regulations for digital workstations? Will we create new precarious jobs? And what about data security?

Digitalization and CRM:

Data is not only a topic when it comes to internal interactions at work. Big data and the IoT give us now enormous visibility into the customer experience journey. In the past, CRM made it possible to identify who reacted to specific marketing campaigns and who then became an actual paying customer. Nowadays, CRM can track every little detail of the customer's actual experience: entering the store, looking at the articles and leaving the store. The principle behind the new CRM is very simple: the customer gives up personal information in exchange for services that will enhance their own experience.

The opportunities are very broad but it all depends on the willingness of the customers to share their information. In short: what do customers accept to give up and what do they expect to receive in exchange? As business owners, it is our task to understand the acceptance-expectation-path and to find the right way to manage it. Where will we and where will we not use the new information?

In conclusion, the real impact of digitalization on our lives is not yet totally predictable. The sky's still the limit. There is still a lot to determine, but it's time to start thinking about it, as it is shaping our future and we are already living in the digital era!

Are you interested in digitalization processes for your business?

Zulla Consulting & Partners has extensive experience in implementing and supporting change management and CRM solutions. Over the years we have developed a series of best practices and tools that enable us to offer creative

answers. We offer tailored solutions and our international partners will strive to meet your strategic targets.

We will help you to handle the tremendous opportunities that digitalization will open up for you!

For additional information and an initial consultation, feel free to contact Daniele Zulla at zulla@zulla-consulting.com.

Sources:

- Boston Consulting Group, Industry 4.0. The Future of Productivity and Growth in Manufacturing Industries, 2015.
- Geissbauer, R., Schrauf, S., Koch, V., Kuge, S., Industrie 4.0. Chancen und Herausforderungen der vierten industriellen Revolution, Oktober 2014.
- Ittermann, P., Niehaus, J., Hirsch-Kreinsen, H., Arbeiten in der Industrie 4.0. Trendbestimmungen und arbeitspolitische Handlungsbestimmungen, June 2015.
- Merrifield R., The Internet of Things Is Changing How we Manage Customer Relationships, June 2015.
- Siems, T., Industrie 4.0 in der Automobilindustrie. Hype und Hürde zugleich, 2015.