

News

Transitioning from global to digital How technology can help create more resilient processes - Comment by Volker Gruhn

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In light of the developments in recent weeks on account of the coronavirus pandemic, BITKOM has called on business, society and politics in Germany to take a new stance on digitalisation and chart a new course. The latest BITKOM position paper, entitled “Digitalisierung erfordert Haltung” (Taking a stance on digitalisation), is intended as a wake-up call. Today, it is more important than ever to actively promote the digital transformation in Germany for once and for all.

Volker Gruhn, Chairman of the Supervisory Board and founder of adesso SE, agrees. Digitalisation paves the way for new and efficient strategies rather than a reversion to old, global structures. It can help businesses to develop modern systems and applications, as well as stable, local processes – all while keeping costs under control.

Globalisation has been one of the most dominant trends in recent decades. To cut costs, businesses have spread their value chains across the planet, turning goods – from T-shirts to cars – into globetrotters before local customers even get their hands on them. The result is a web of producers, suppliers, distributors and logistics companies. For a long time, this trend helped to guarantee high profits and low prices. But now it is slowly approaching its limits. Even before the current crisis brought to light the weak points of the system, the term “cost benefits” was all too often associated with low wages, poor working conditions and lax environmental standards. Resistance to this way of dealing with people and resources started forming long before the coronavirus pandemic. The awareness that a purchasing decision also affects how people on the other side of the planet live and work is growing. COVID-19 has hit like a bolt of lightning. Individuals and society at large are suffering the consequences. The global economy has come to a standstill, disrupting many a supply chain. The current shock has inspired those in charge to take a new look at processes and their networks. Many businesses are now noticing how vulnerable this cleverly calculated approach actually is. Minimal warehouse capacities and tight schedules leave little room for error. The virus has led to a near total breakdown of the system.

What can we expect next following this first, acute phase? Will companies have to decide between affordability and resilience? One extreme would be a return to globalisation as it was in

the past, with those in charge continuing to consciously accept their production processes' lack of resilience in order to reap the cost benefits. Depending on the industry, this approach carries the risk of alienating customers who care about environmental and labour standards and do not make purchasing decisions based on price alone. However, striving for maximum resilience by focusing on highly local production could lead to niche markets. The expense of old-school, fully local manufacturing is incompatible with mass markets.

A solution can be found in another major trend in recent decades: digitalisation. Modern systems and applications can help businesses to develop stable, local processes while keeping costs under control. IT-supported automation, artificial intelligence in warehousing and highly personalised production are all already possible today. Digitalisation is not only limited to video conferencing and sharing documents – it is the key to business success in the post-coronavirus era. It paves the way to a third, smart path between low-cost/high-risk and low-risk/high-cost manufacturing. People in management should take advantage of the forced disruption triggered by the pandemic to prepare their companies to head down this new road.

Once COVID-19 has been dealt with, we will need more [digitalisation expertise](#) and less cost controlling, more end-to-end processes and fewer media breaks, more values-oriented management and less focus on profit.

I believe that businesses will be focusing their energies intensely on these concerns – if they do not want to be caught off guard by the next crisis, that is.

Prof. Dr. Volker Gruhn

approx. 4,020 Letters

adesso SE

adesso is one of the leading IT service providers in the German-speaking area and focuses its consulting and software development activities on the core business processes of companies and public authorities. adesso's strategy is based on three pillars: the deep industry-specific know-how of its staff, the comprehensive expertise in technology and the application of reliable methods in software implementation projects. Following this approach, adesso develops superior IT solutions, which enhance the competitive position of a company.

adesso was founded in 1997 in Dortmund and currently employs about 4,200 members of staff. The share is listed on the regulated market. Among the most important customers in the banking segment are Commerzbank, KfW, DZ Bank, Helaba, Union Investment, BayernLB and DekaBank, in the insurance segment Munich Re, Hannover Re, DEVK, DAK, Zurich Versicherung, Medizinischer Dienst der Krankenversicherung (MDK-IT) as well as cross-

industry Daimler, Bosch, Westdeutsche Lotterie, Swisslos, DZR Deutsches Zahnärztliches Rechenzentrum, TÜV Rheinland, Beschaffungsamt des Bundesministeriums des Innern.

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