

DIGITAL  
COMMERCE AND  
RETURNS ON  
DIGITAL  
INVESTMENT



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# DIGITAL COMMERCE AND RETURNS ON DIGITAL INVESTMENT

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**The challenges to innovation are many, and the companies reaping the most benefits follow a certain set of rules.**

According to a survey by Accenture, industrial companies that are doing exceptionally well have turned up their digital innovation efforts, and consequently have reaped much higher returns on digital investment. The companies that have been noted to achieve higher-than-average returns in comparison to their contemporaries have consistently scaled their proofs of concepts (PoCs).

A survey of 1,350 senior and C-suite executives representing discrete and process manufacturing across 13 industries revealed that only 22% of the companies reached expected earnings, despite the fact that all of them had invested to scale their innovation efforts. This outcome indicates that while it is critical to scale innovation for successful digital transformation, the process could be a challenge for many organizations.

## **Ways in which companies can succeed at digital transformation:**

The question that naturally arises is what are the ways in which companies can succeed at it. An observation of the choices made by the companies that had indeed succeeded in this aspect showed a strategy common to them all. Their focus is to scale better rather than to scale more by focusing on a specific value they aim to create and then transform their organization accordingly. They leverage four specific management practices:



1. Make efforts to innovate to achieve a defined value: Companies belonging to the sample cluster bringing in high returns examine opportunities they can take advantage. The market opportunities they want to pursue are decided by the senior-most levels. The middle management is then notified of the way ahead. The challenge then is to focus efforts on securing expected results from working on stagnant innovation and digital value driven from the top down.

2. Prioritizing internal change and external value: 63% of these companies claimed that merging organizational change with technology transformation efforts to prevent a division between the two was an objective for them. These are coming to be known as “ambidextrous” organizations.

3. Innovation in every business function: According to the data collected in the research, these companies are experts at determining how much to invest in each innovation requirement. They deploy enablers, which could be data analytics platforms, innovative operation models, or fresh methods of functional collaboration, to the business functions that require them.

4. In-house innovation development: Leading companies prefer developing their own in-house innovation departments over buying corporate startups to do the same work. The intent is to operate these organizational units in unison with existing business groups to innovate and scale new solutions.

### **Challenges that most companies face in innovation:**

It has been found that an organization's capability to scale digital innovation depends on how it manages the following six organizational challenges: technology infrastructure, management alignment, management of partnerships, measurement of digital value, skills, and company culture.

The econometric model offered by the report confirms a correlation between how these parameters are met and RODI, indicating that companies could enhance their RODI by improving on any of the six issues.

In conclusion, it can be said that successful scaling is a function of organizational management, and organizations that have not yet benefited adequately from investing in digitization could follow the work model to overcome the challenges they are facing in innovation.

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