

# Press Release

*For further information please contact:*

*Samantha Joubert, Marketing Manager*

*Tel: +27 (0) 821 3602 / Fax: +27 (0) 86 681 4342*

*[samantha.joubert@skf.com](mailto:samantha.joubert@skf.com)*

For immediate publication

14 March 2019

## Digitalization: The cultural challenge

**In a digital transformation, people matter every bit as much as technology, says Victoria van Camp, CTO and President, Innovation and Business Development of SKF**

Regardless of their sector, size or history companies are recognising that the recent improvements in connectivity, control and analytical capabilities have the potential to unlock significant improvements in the cost, quality and productivity of their operations. More fundamentally, digital technology is enabling entirely new product and service offerings, and underpinning the creation of new business models.

You don't have to look far to see this process in action. SKF has been designing and making bearings, seals and related products for more than a century. Today, however, SKF is a digital business too. We now offer a wide range of technologies that improve customers' rotating equipment performance – both hardware and software.

Digital technology is changing our internal activities too. Our engineers couldn't create new products or solve customer problems without our portfolio of advanced design optimisation and simulation tools. We have made significant investments in flexible, automated manufacturing sites and connected logistics networks, too. That's helping us to cut delivery lead times and tailor products more precisely to meet customer needs.

### **SKF South Africa (Pty) Limited**

PO Box 13157, Witfield, 1467, Visiting address 4B Saligna Street, Hughes Business Park, Witfield 1459, South Africa

Tel 011 821 3500, [www.skf.com](http://www.skf.com)

Directors: M. Sebt (Managing) (French), B.J. Dailly, Dr. N.B. Mabuya

Reg. No.: 1914/004430/07 Vat. Reg. 4160112928

Yet despite all the progress made so far, few organisations can claim to have mastered the digitalization challenge. The gap between the potential application of digital technologies and what most companies have integrated into their everyday operations remains wide.

If the rewards of the digital revolution are so significant, what is holding companies back? Technology is certainly part of the story. Some digital approaches have not yet reached the level of maturity required for large scale use. At SKF, work is ongoing into the use of new artificial intelligence technologies to better predict asset performance and failures, but the approach is still in its infancy, even if it is developing quickly.

But there is also something else at play – there are plenty of technologies that are mature, robust and inexpensive to be applied far more widely than they are today. That suggests that barriers to adoption are not technical, but cultural. There's plenty of evidence to support that hypothesis. When consultancy Capgemini Invent surveyed more than 1,700 business leaders last year, for example, 62 percent of them said that their own corporate culture was the biggest obstacle to digital transformation.

Perhaps that shouldn't be surprising. Moving to a digital world can be an unsettling experience. There's the requirement to work in new ways, with new tools, for example.

In some cases, staff may fear a loss of autonomy. Increased transparency also means there is nowhere to hide if things aren't going well. Everything becomes much more transparent.

The bad news, according to Capgemini's research, is that companies in the mechanical and plant engineering sectors are late adopters when it comes to the creation of a true digital culture.

"The discipline of engineering strongly focuses on the technical side of its products and services," notes Yvette Zzauer of Capgemini Invent. "This strongly impacts the corporate culture, which tends to be a more technology than human-centered culture." While this means engineering businesses tend to be more comfortable than other sectors about adopting technological advances, she adds, it can mean they pay insufficient attention to the human side of digitalisation.

Fortunately, there are things companies can do to actively promote cultural change. In the past, corporate culture was broadly and intangibly defined by shared values, attitudes, standards, and beliefs that characterise the members of an organisation and define its nature. However, digital culture is more tangible, concrete, and explicit.

For SKF, building a digital culture is a long-term change management effort requiring sustained attention from the top of the organisation. Digital change cannot be achieved as a purely top-down effort as employees need to be involved throughout the process. Starting with smaller initiatives, it is worth testing and trialling these and then rolling them out to the organisation. Furthermore, digital transformation needs to go hand in hand with the organisation's strategy and be enabled by organisational structures, allowing digitalisation to be driven throughout the organisation.

*SKF is a leading global supplier of bearings, seals, mechatronics, lubrication systems, and services which include technical support, maintenance and reliability services, engineering consulting and training. SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide. Annual sales in 2017 were SEK 77 938 million and the number of employees was 45 678. [www.skf.com](http://www.skf.com)*

® SKF is a registered trademark of the SKF Group.

By Laverick Media Communications T:+27 (0)11 0400 818 [sonia@laverickmedia.co.za](mailto:sonia@laverickmedia.co.za) [www.laverickmedia.co.za](http://www.laverickmedia.co.za)