

COOPERATE OR DIE. A WARNING TO THE CONSTRUCTION AND SUPPLY INDUSTRY

by Paola Govoni

This article summarizes the speech given by Jochen M. Wilms of W Ventures GmbH, Berlin, Germany, during the 26th edition of the International Wood Construction Forum (IHF) held at the Congress Centre Innsbruck, Austria, from 30th November to 2nd December 2022, with the participation of 2600 attendees and 175 partner companies exhibiting over the three days.

A comprehensive program of seminars and study sessions saw the participation of keynote speakers from the industry, the university, as well as from architectural studios and consulting companies.

TALKING ABOUT DIGITALISATION

The speech 'Cooperate or die. A warning to the construction and supply industry' assumes that 'Digitalisation' is the main topic underlying each and every discussion today. More and more frequently, renowned companies disappear from sight, while digital companies have actually taken the lead in main industrial fields, with the Covid-19 pandemic further enhancing this trend during the last years. Digital companies take the lead at different levels. It's not only a matter of interaction between Brands and their Clients, but it also deals with the processes and interactions inside the companies.

Companies, that fail to seriously face the topic 'Digitalisation' with all related changes and consequences, soon will have no more chance. The 'Olin School of Business' foresees, that 40% of all leading companies



General view of the main Congress Room at IHF 2022, Innsbruck

existing today, will disappear from the market in ten years or so.

Only five years ago, big businesses like Exxon or Shell were top of the world. Today, the ranking of the World Top Ten companies includes many digital companies. The UN Digital Economy Report presented a comprehensive study on the internet and the digital economy. According to this study, nowadays the United States and China hold a market share of 90% of the digital value chain. No one of the seven Super-Platforms: Microsoft, Apple, Amazon, Google, Facebook, Tencent, and Alibaba is from Europe.

These companies share a common approach. All of them were founded

in the 'New Digital Economy' with a digital DNA, with Platform-based business models, that totally re-defined the offer and the control of assets and services in a radical new and disruptive way. The foreword for such a strong development was an easy, performing and intuitive use of proper technologies with mobile access to contents and services. Digital devices like iPhone, iPad or Laptop are used for more than 6 hours/day on average.

US-companies occupy a leading position in many main fields, following a common approach, hard to be imagined only a few years ago. Just think of the huge power of Amazon on the retail market.

And this is only the beginning. In the next years, new Platforms will make their appearance in Europe in the field of the B2B industry as well.

What about the German or the European companies in such a scenario?

There are some digital startups, that have reached a good international renown. We see companies of the Old Economy moving towards digital business models, at least taking the first steps. But this is only the exception to the rule. Only those, who will be able to build steps of value creation through proper platforms or will manage to use them for their own goals, will be successful in the digital world.

ALL THAT CAN BE DIGITALIZED, WILL BE DIGITALIZED

Everything and each single process, that can be digitalized, will be digitalized in the future, maybe by a not-yet-existing Startup company, while old-style companies and traditional products and services will be a thing of the past.

Take the information. We used to refer big volumes of an Encyclopedia, today we have Wikipedia.

Take the communication. We used to write and send letters. Now we have email and WhatsApp.

The Cloud is the new 'book-shelf' for the storage of standard and sensitive data. Travel and Leisure, Transportation, Home Banking and Health systems can all be managed through Apps.

In business fields like E-commerce, Media and Pay systems, digital players already hold the largest market share.

FOCUS ON THE CONSTRUCTION INDUSTRY AND THE REAL ESTATE MARKET

What happens in other fields, like, for example, the construction industry and the real estate market? They are presently doing almost nothing to fill the gap with other more digitalized industries. Digitalization and value chain platforms seem to be absent

from the Building and Real Estate economy. Planning, construction and sales of buildings are not managed with a digital network approach. This will leave room for big digital players and investors like Amazon, Alphabet and Apple, who are looking forward entering this market. Skilled teams in the United States and China are already analyzing all major processes in the European Building and Real Estate economy, in search for new digital ideas for doing business.

Reportedly, some years ago Amazon invested one billion US\$ for the acquisition of a company producing door opening systems. Google invested in a company with more than 1,000 engineers in the field of Smart Home. These developments on the US market should be considered a relevant fact for the European market, too.

IT'S TIME FOR IOT

European industries need to cooperate in the direction of a new and more digital network approach, in order to safeguard their skills and keep their relevant role in Innovation and Technology. In particular, the IoT (Internet Of Things) represents a good chance for the digitalization process of the Building and Real Estate economy in Europe.

Topics like energy efficiency, intelligent and self-controlled thermal coats with weather adaption and geofencing should be deeply investigated auf basis of a targeted and platform-oriented cooperation of the leading European companies, keeping in mind that there is no digital strategy, but only the right strategy in a digital world.

Another good advice at the end: 'If you don't do it now, someone else will do it for sure'.



Jochen M. Wilms speaking at the International Wood Construction Forum (IHF) 2022



USA and China took the lead of the European App Business