



Incubating Digital Businesses: a Startup Mentality

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Building any successful business is really about getting the basics right. All great ventures are built on a solid foundation that keeps the ship steady through the ups and downs of business. But sometimes, we forget about the basics. Why? Because we fall into the mindset that business is all about going big.

As leaders we tend to lose sight of the fundamentals that have help build businesses from the ground up. As the pandemic has pushed us to refresh our vision and plans, it is fitting that we should review some core principles – or fundamental propositions.

For example, agility, is a critical component in the DNA for success in today's digital battlefield. Startups can redesign processes and execute new game plans in a flash, something that is still missing in conglomerates and governments. Others, include carefully balancing factors such as scalability, big ideas, systems, sustainability, internal growth, vision, purpose, profitability, standards, and autonomy.

Incubating a digital business is a daunting task – the technology scene can be ruthless in identifying hollow ventures; only those with the right ingredients will survive the intense competition. Many companies who have tried incubating digital businesses fail before they even begin.

Think of incubating a business like raising a child. As they grow older, two facets determine how well they develop and mature. On the one hand, you have the internal factors; the parents, family and the home environment, while on the exterior, you have schools, teachers and friends. Large companies with a mission to incubate a digital business should follow this bifocal principle as the digital space gets more crowded each day.

PLANNING THE JOURNEY

Established giants all have tight structures and procedures in place to keep things and people in check. But digital businesses are all about being agile, and being able to adapt to changes quickly, so overt control by a parent company is not a positive factor on this part of the journey. We need to consider the need for some autonomy. Many company boards find it difficult to relinquish some measure of control, which in a digital venture is rather counterproductive.

A digital business can only grow successfully with a nurturing mindset, not a controlling one. In the face of new vision and transformation, leaders must first assess internal capabilities to understand the requirements of incubating a new digital venture. It is entirely acceptable for boards to say that they have no clue about the how-to. Hence, this is where company boards make acquisitions and bring in venture builders.

However, even this approach requires playing a supportive and empowering role by making available new resources and ceding autonomous decision-making in order to carve a successful path for the digital venture.

As much as corporations want to operate the new business as a startup, they cannot. Not because they don't know how but because many do not understand what a startup is. Startups exist beyond the funny-looking chairs, cool offices, or tech geeks wearing sweatpants: it's a mentality. A mindset that embraces the freedom to make mistakes, and pursue an opportunity solely based, in part or even wholly sometimes, on intuition.



Condemning and punishing mistakes will block the drive to innovate. People will be too nervous to venture into new possibilities. How can a venture possibly succeed when the people building it are working with their hands tied?

CONNECTING THE DOTS

Once these internal challenges are correctly balanced, success will be measured by performing in the external market. Here, we face a dearth of tech talent which is a global issue, and all forward-thinking leaders know that building a digital venture demands a robust talent pipeline: speaking for myself, I find it has always been a game of 2 T's — *time* and *talent*.

This is especially true in the digital sector, where rare opportunities to achieve market zeitgeist is often about securing these as soon as they emerge. Digital ventures are engaged in the endless war for attracting and retaining talent.

Which brings me to the question of how large companies can push forward with the business of 2 T's? Here are six golden rules of building businesses, especially relevant in the digital space:

1. Firstly, leaders must always have a clear vision of what is being built. Dissect your mission and question each element so that nothing is left out. It is also important to align that vision to the overall high-level company goals.
2. Now that you have a crystal-clear view of said vision, it is essential that you share it. Communicate your vision effectively to internal stakeholders. You will find success only when others share the same dream and rally firmly around that single purpose.
3. After deep internalisation, you're ready to take to the streets. Share that vision with your customers. Excite them with how much value you can create as you demonstrate why you are in the best position to solve their biggest problems.
4. Then, support those claims with a strong arsenal of products and services that have been battle-tested and in great shape to transform that vision into reality.
5. With that said, new digital ventures are not purely about technology. Delivery capabilities need to be perfected to turn your 'MVPs' into a juggernaut. Here, execution and attention to detail are crucial to winning over your customers.
6. The last step requires staying engaged with your customers because delivering an excellent product is a marathon, not a sprint. There will always be one problem after the other, and customers need to know that you're there with them throughout the entire journey.

ADAPT FROM WINNERS

All great companies strive to learn from each other, and so should you. Here are some examples of established companies that have perfected the recipe for incubating successful digital businesses in the modern age.

1. Ping An Group is one of the largest financial services company globally, serving over 220 million customers. One contributing factor to their success is how they could incubate their subsidiaries while allowing them to operate with a substantial amount of freedom and support. Several of their tech arms even filed IPOs and multi-stage funding rounds, further highlighting the individual growth potential and business value of the group. They truly understand what it means to have an incubative mindset. They are a great example of what building a diverse ecosystem of products and services should look like, spanning from financial services and healthcare to automobiles and real estate.



2. Other role models include NTT Limited, which has done well to integrate its acquired businesses and improve overall group margins. NTT considered this move a success, deciding to consolidate only after allowing acquirees to operate independently for five years with the support and resources from the large group. Now, they enjoy the fruits of such a nurturing mentality in the form of strong subsidiary performances.

These are two of many examples of how big companies can create fruitful startup ecosystems. With a nurturing mindset, TM Group too is embarking on digital venture-building efforts. With our focus on [human-centred digital transformation](#), coupled with world-class digital solutions and expertise as well as our deep understanding of our customers, we will enable the rise of digital businesses and accelerate our journey in realising Digital Malaysia.

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