



# DIGITAL TRANSFORMATION

opens up surprising opportunities

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**Selling cellphone talk minutes** is a thriving business in Latin America, but it is probably not the tech market segment most prone to disruptive innovation. Even so, Movilway, a Miami-based firm, has used its experi-

ence in this sector to find its way toward the oft-feared and little understood digital transformation.

Movilway posts \$500 million in annual revenue thanks to its 100,000 stores in Brazil, Mexico,

Colombia and seven other Latin American countries. A few years ago, however, company leaders realized that their business model was not going to remain sustainable over the long term.

“Cellphone minutes are a mass consumption product, but with low margins and a strong competition. When you do not have the muscle to keep growing constantly, you die,” Movilway CEO Augusto Dello Strologo told *Latin Trade* in an interview. “We had to transform ourselves.”

Movilway saw an opportunity in the millions of Latin Americans who do not have access to



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**Augusto Dello Strologo,**  
CEO, Movilway



Photo: Courtesy of Movilway

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financial services and, therefore, are locked out of online transactions—even while smart-phone usage grows rapidly in the region.

The company, created in Spain in 2009 and acquired by Celistics Group in 2014, started adding new products to its store and online offerings: electronic payments, remittances, and a virtual store with gift cards, mail order gifts, and other pre-paid products.

Yet the firm's ultimate ambition is to one day be a digital financial institution, Dello Strologo says: "One vision is that we would become the first (digital) Latin American bank for the unbanked."

## AN UNSTOPPABLE SWELL OF TRANSFORMATION

The first digital transformation wave came with the arrival of the internet and the technologies it helped spur: big data analysis, cloud computing services, and universal mobility for end-users and workers.

Latin American companies are lagging behind. And, to complicate matters further, a swell of new technologies is surfacing on the horizon.

Artificial intelligence is the leading new change agent. It will grow to generate global revenues of \$47 billion in 2020, up from \$8 billion in 2016, according to IDC technology market intelligence firm. And it has the potential to become "nothing short of a catalyst poised to kick-start a sluggish global economy," Accenture said in its 2017 forecast.

This is not the only potentially transformative tech



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José Antonio Ríos, CEO, Grupo Celistics



Photo: Courtesy of Grupo Celistics

trend: Others include virtual, augmented, and mixed reality; the blockchain virtual ledger on which Bitcoin is based; and quantum computing with its almost endless processing capacity.

Celistics CEO Jose Antonio Rios adds one more. The deployment of 5G mobile networks will allow greater speed in communications that will enable users and the enterprise to leverage those other trends.

"The numbers and projections are clear, said Rios, adding that 5G global subscriptions will reach 500 million in 2022. "In Latin America, they may reach two million by 2022," he added.

Not every ship will navigate this perfect storm of transformation successfully, cautioned Bill Briggs and Craig Hodgetts, authors of the Deloitte report, Tech Trends 2017. "Companies that don't anticipate and embrace this change may find themselves sinking slowly in its wake," they wrote.

## CHANGE BECOMES A SKILL

If there is one thing businesses need to learn at this juncture,

it is the ability to change, said Briggs and Hodgetts.

That is what Movilway displays. Its reward is the chance to wade into a much larger market than before.

"Seventy-five, 80% of people in Latin American are unbanked," Dello Strologo says. "The opportunity is very clear. What we need to do is to transform ourselves."

Another important change is underway at Stanley Black & Decker's plant in Reynosa, Mexico. Executives there implemented 'digital manufacture' technologies including asset monitoring with tiny radio frequency transmitters. This provides them with "real time status and location for every asset," said Carlos Silva, a spokesman for Cisco, which installed the wireless network that enables the monitoring system.

"Was it possible to improve talent's usage of time by 90%? Reduce inventory costs up to 10%? Or even increase returns by over 10%? The answer is yes," Silva wrote in a company blog. **LT**

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