

Gaining a competitive advantage

By Ilse van den Berg

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AfricaCom 2017 is once again abuzz with delegates from all over the world and is even bigger and better than ever before - as is customary for events like these.



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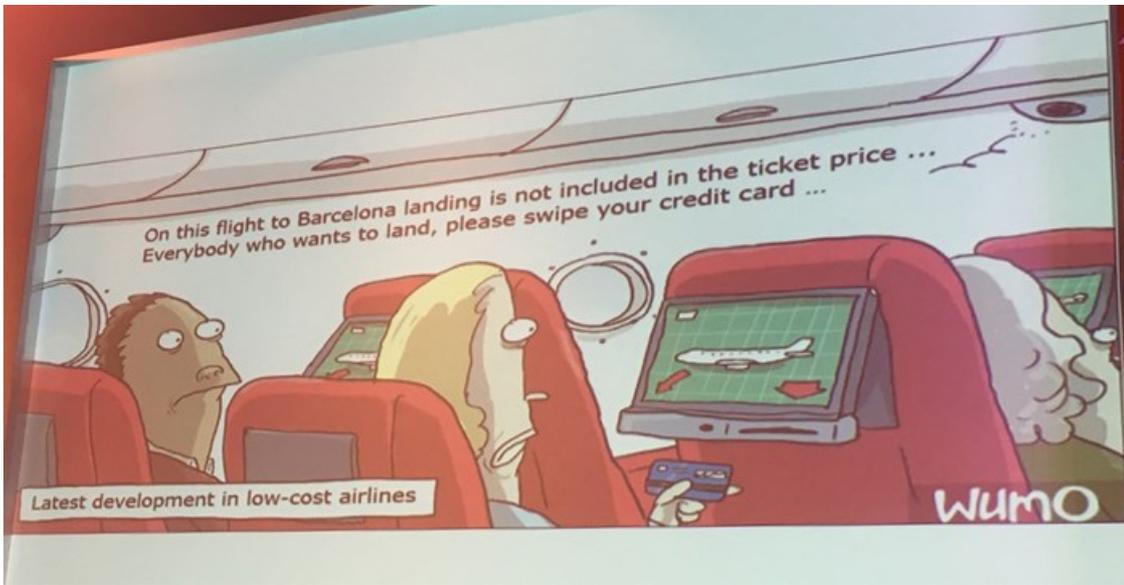
In a talk at the IoT Africa track, Reshaad Sha, CEO of SquidNet, focussed on the advantages of leveraging IoT and how businesses should thinking about gaining competitive advantages in this space.

Three components

He touched on three components in a generic strategy that enables a business, government, or an individual to gain some level of competitive advantage.

Cost leadership

To illustrate this specific strategy, Sha used the example of low-cost airlines. Many of them have taken away the frills such as free food, VIP service, business class etc. in order to try and reduce as much peripheral stuff and only keep the absolute basic component of the product.



So while you can remove pieces of the overall product delivery, there are certain core components that you can't actually remove without taking away from the overall product.

He says the challenge with this strategy is that it is easy to replicate.



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8 Nov 2017



While cost leadership is an interesting route to go down in gaining competitive advantage, it has to be seen as a journey, as opposed to a destination. It's an ongoing process.

Sha says the Japanese have mastered this ongoing processes in manufacturing specifically. The core principle is that it must be seen as an incremental journey that yields results for the company as well as its customers over a longer period of time.

When it comes to IoT in the cost leadership space, he says you have to take whatever journey it is you're delivering to your customer and enable it sufficiently by removing cost components that could be quite expensive.

What it comes down to is taking out high-cost elements by using some form of digitisation. And by digitisation, he means not just being connected, but that it actually provides meaningful data.

Differentiation

Differentiation is the simpler one by definition, but can also be the most complex strategy. What you're wanting to deliver needs to match a specific market space.

"10 years ago, a certain company launched a phone with no buttons. Everyone thought they were crazy and that no one would be using it. But this year, Apple's iPhone is celebrating its 10th birthday."

Citing another example, Sha referred to an insurance provider's app which tracks a consumer's driving behaviour and rewards them accordingly.



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"In essence, what they've produced in their differentiation strategy is a mechanism that is in the consumer's hands. It allows the consumer to know how they are driving, through using an IoT device that's been placed in the vehicle. Based on the driver's behaviour, it will reward them with, for example, a reduced premium if they drive well," he says.

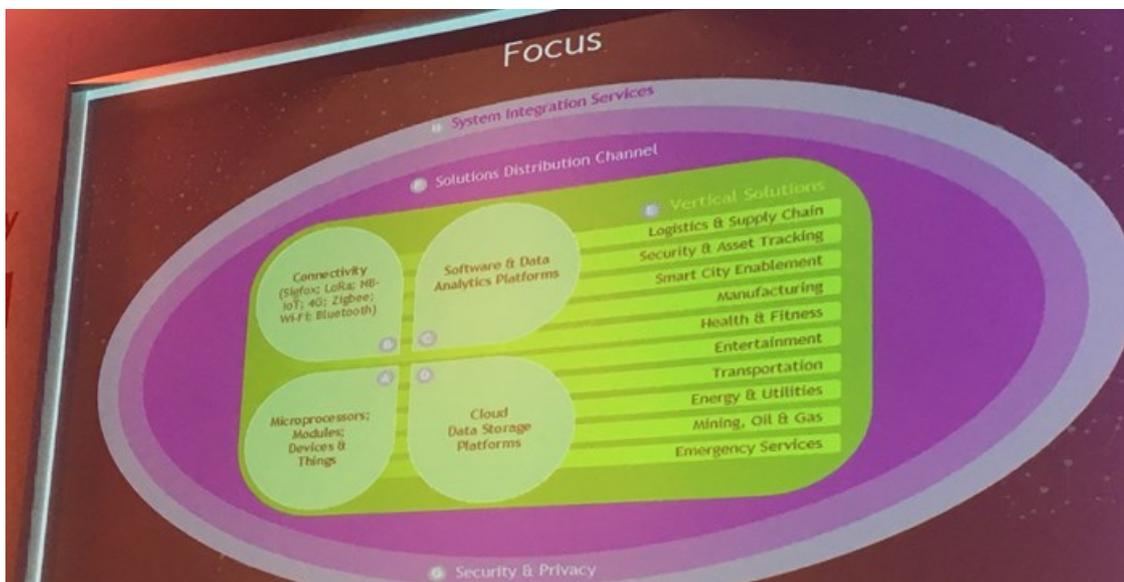
There is thus a benefit for both parties, a cost reduction component for the insurance company who will, hopefully, have to pay out fewer claims due to fewer accidents if consumers drive cautiously, as well as benefits and rewards for the consumer.

A differentiator can quite easily be replicated by a competitor, however. Same as with cost leadership.

Sha says differentiation has to be fuelled by a thirst for innovation, research and development, ongoing improvement and then they have to make sure that they translate that into an actual product and then from a product into market messaging.

"So differentiation can come in very simple ways like this in the IoT space - with an application or an IoT device, with linking it directly to cost leadership or linking it directly to a company's own cost differentiation. That delivers a very powerful capability to both business and consumer at the same time."

Focus



Focus is an underpinning of the first two e.g. focus in cost leadership or a differentiated focus strategy. So you get a mix of these three spawning about five different mechanisms that you can use in building and gaining a competitive advantage.

According to Sha, focus is a challenge for many service providers. While many service providers feel they can do everything really well, without a very specific focus area, it's quite difficult to excel in it.

Service providers must wonder how they are interacting with their system, their customer base, and how they interact in this IoT space. When there isn't a focussed view of what you're doing and how you're doing it, it becomes very difficult to deliver that specific service.

When it comes to focus, you need to ask yourself how do I do multiple things very well? How do I leverage companies that have a deep focus in a specific area and make use of it in my overall delivery?

AfricaCom takes place from 7-9 November 2017 in Cape Town.

ABOUT ILSE VAN DEN BERG

Ilse is a freelance journalist and editor with a passion for people & their stories (check out Passing Stories). She is also the editor of Go & Travel, a platform connecting all the stakeholders in the travel & tourism industry. You can check out her work here and here. Contact Ilse through her website here.

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