

Handelsblatt
Going digital also means trial and error
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Any firm that wants to be digital also needs to be fast. And mishaps are par for the course. A recent conference shows that Germans, in particular, have a hard time with failure.

What is the first thing that happens when Ruchir Puri, the chief software architect of IBM's Watson supercomputer, presents a programming code to his colleagues from Germany? German perfectionism clashes with American pragmatism. "They find at least 200 things that are not okay," says Puri, who spent his sabbatical at the University of Bonn a few years back. "Then I ask: Did you have to debug everything? No? Then it's fine." That is to say: it is an initial success if a piece of software is not completely riddled with bugs. But this calm, relaxed attitude is a rarity on the other side of the Atlantic, as Puri knows from experience. Germans have virtually no tolerance for mistakes, errors and failure, he says. But "that's how they are", he adds with a smile.

Throughout Germany, people are talking about digitalisation and the need to be fast to keep up in the internet age. Although many – especially businesses – like to claim that setbacks are a part of life and that we now also accept failure, this culture has, by far, yet to become a universal fact of life. Trying things out and letting mistakes happen, rather than mere technical details, are essential when it comes to advancing digitalisation, as leading digital experts who discussed platform strategies for the digital world as part of the Initiative on the Digital Economy at the renowned Massachusetts Institute for Technology (MIT) last Friday agree.

"We need to fundamentally change our attitude if we want to become more agile," says German native Jan Gilg, for example, who is in charge of strategic business development at SAP Labs, the software giant's global research and development centre. "We also need to launch versions that aren't completely ready sometimes, test them in the field and then improve them," the manager explains – a method with which the Germans have problems. "We are used to launching finished products that then stay on the market in the years ahead." That makes it difficult for a German company rooted in engineering to change the way it thinks in this regard, he admits.

Large-scale experimentation

By contrast, experimentation has long been a part of the official business strategy at many tech firms in the US. Some provide their customers with different versions of a software program as part of the A/B testing process, for example, to test which one they like better. Because the companies own the platforms with the customer data, they are able to see quickly which version works better and optimise it during the ongoing process. The streaming service Netflix, for instance, was the first company in the entertainment industry to use this method. The point is not to deliver the most perfect product possible, but rather to experiment on a large scale and remedy errors quickly.

Silicon Valley veteran and Google manager Sam Ramji, who once developed the open source strategy for Microsoft, shares the belief that testing is essential. According to Ramji, it is incredibly important to release software that is not yet perfect. "Then we work step by step to eliminate the bugs. If we can't do it, we have to take it off the market." The important thing in this approach is communicating openly with customers. "You have to say clearly: 'Hey, this is still an alpha version. Learn with us; help us make it better.' It can also backfire." And if it does not work, it is essential to give customers enough time to find an alternative, he adds.

"Digitalization also means trial and error," Markus Pertwieser, head of digital strategy for Deutsche Bank's retail banking arm, believes. Unfortunately, the willingness to take risks is not particularly high in Germany – not even when it comes to digitalisation. "Our risk managers want a default rate on loans that boils down to no more than 1%, and rightly so. That cannot apply for us with regard to digitalisation. If it did, we wouldn't be innovative," Pertwieser says. For the Deutsche Bank executive, five successful projects out of ten would be a good rate. But he knows that even he would then have some explaining to do, to the public as well: "We announced eight projects and completed six of them on schedule. One has been delayed by a few months. As for the other one, we learned

from our mistakes and took a different approach. So what is everybody talking about? The two that we didn't complete on time."

IBM Watson's Puri, who knows Germany well, also arrives at the same insight. "The Germans are far too intolerant of mistakes," he says. While that can be an advantage sometimes, it can also be a major obstacle when it comes to quickly changing the way people think, adapting or forging new paths. Yet even Puri realises that the particular sector is always of the essence with regard to the use of new technology. "You can accept a higher error rate in language translation than in legally regulated fields such as medical technology," he says. "We are also very conservative in this respect at IBM Watson and do not tolerate any errors." Almost German, you could say.