

Surf the DX Wave

Five big lessons for Japan from Hawaii

As Japan's fledgling Digital Agency finds its way through its second year of existence, and the Tokyo Metropolitan Government's new startup strategy takes hold, a digital transformation (DX) wave is sweeping across the country. Learning to surf that wave takes experience, however, and another group of islands that know a bit about surfing, and have ridden DX to their advantage, could be a guide for Japan.

How the Hawaiian tourism industry found renewed life through digital transformation was the subject of a February 28 event held at Tokyo American Club and online, and entitled How to Surf the DX Wave: Five Big Lessons for Japan from Hawaii. The American Chamber of Commerce in Japan Tourism and Hospitality Committee luncheon—co-hosted by the Digital Transformation and the Information, Communications, and Technology Committees—welcomed Mayumi Nakamura and Mike Birt of Ascent Partners, LLC to discuss the restructuring of Hawaii's tourism management system.



Mike Birt



Mayumi Nakamura

When the Covid-19 pandemic forced a total shutdown of travel, tourism hot spots such as Honolulu, which had welcomed a record 10.4 million visitors in 2019, went from overtourism to dead empty in just a few days. The islands fell quiet. And when tourism returned in 2021, it was not the same.

Recovering from Wipeout

"As people started coming back, the domestic travel industry was just a madhouse," Birt explained. It was clear that the pandemic had left Hawaii's tourism industry scarred and unprepared for the influx. Change was needed.

The seeds for change were planted even earlier. When heavy storms hit Haena State Park, on the island of Kauai, in April 2018, major access roads were shut down and neither tourists nor locals could enter.

It was a needed pause, however. Before the disaster, some 3,000 tourists had visited daily, leaving little room for Hawaiians. "There was some conflict there, and many people couldn't enjoy their own homeland," Nakamura explained.

While the storm was a multi-million-dollar disaster for many, others saw it as divine intervention, an opportunity to reappraise the management of state parks and give greater consideration to the balance of tourists and locals.

When the decision was made to transform the system, the Hawaiian government approached Ascent

Partners for help. Nakamura led a team that designed a timed-entry reservation system. Entry was restricted to those with reservations, and daily tourist admission was capped. This allowed locals more opportunities to enjoy their own land. Greater emphasis was also placed on hiking the trails and evoking the experience of the natural land as the Native Hawaiians saw it.

Due to the pandemic, all the work had to be done remotely. The Hawaii project was run from Seattle, while the software development team was in India and various support staff were scattered across the US mainland.

◀ Kauai, home to Haena State Park



Not only were there societal benefits, but economic ones as well. The state brought in 250 percent of its projected tourism revenue in the first year.

Model for DX

Birt believes the fact that this project could be carried out remotely with such great success shows the potential for adapting the approach to other countries, with each following their own philosophy of reimagining post-pandemic tourism.

"It became a model for how to scale and develop very effective software digital transformation projects that can literally span the world," he explained. "Destination management is a key element—and this isn't just Hawaii. Venice, Iceland, Amsterdam ... there are a number of [places] that have really had to work on how to manage their destination so that it doesn't become overrun, and the community can still enjoy where they live."

Birt and Nakamura said they learned a lot during their three years working with the Hawaiian state government. They shared five lessons which they believe Japan could put into action to transform its own post-pandemic tourism.

Lesson 1: DX requires leadership and vision

"Without a vision, none of the people around [you] can support the project. In the case of Hawaii, it was a return of aloha spirit," Nakamura said. What made the project possible, she added, was that both the state government and private individuals were on board and committed to using the pandemic to take a bold step.

Lesson 2: DX has customers—and adversaries

"The state parks are literally part of [Hawaii's] soul; Hawaiians think of their parks as almost a living thing," Birt explained. Undertaking such a large-scale project, therefore, brought together many parties with a vested interest, whether emotional or financial.

Naturally, with this came those who strongly opposed the transformation. But nobody, Birt and Nakamura acknowledged, knowingly played the role

of adversary; they resisted change simply for self-preservation. What saved the project from failure was that powerful friends in the Hawaiian state government shared the vision and supported it from the start.

Lesson 3: Technology is powerful

DX is not a simple one-and-done operation. It is an everyday effort that must be constantly analyzed and adjusted to fit the needs of the project. The DX wave does not stop or slow down. Everyone must be skilled and educated to properly participate in the journey. Questions must be constantly asked. In the case of the Hawaii project: Where are the tourists going? How are they going? How could communication be improved? What could smooth entrance into the parks?

Lesson 4: Expectations change

While the aloha spirit is the genuine treasure of Hawaii, it must always be met in balance with *malama*, the respect for the state and environment, as well as the customs and culture that come with it. You receive the generosity of Hawaii, but you are obliged to pay it back in appreciation. The same balance is sought in DX, where it has the potential to bring revenue and benefits, but we must be careful to not kill the goose that lays the golden eggs.

Lesson 5: DX waves won't stop, learn to surf them

Lastly, there must be an emphasis on change, and an understanding that there is no final resting point in DX. Nakamura referred to the decline of Facebook and the rise of the artificial intelligence tool ChatGPT as examples of the unpredictable nature of technology. "You have to be ready to ride the waves as they come," she said. "Be adaptable, be adjustable. Don't think of it as a destination, but as a journey." ■

