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Headline: Analysts offer key tips to help companies survive digital disruption

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## Analysts offer key tips to help companies survive digital disruption

It's not easy to make customers happy but it looks like Adidas is doing something right. Source: Shutterstock

By **Soumik Roy** | 27 June, 2019

DISRUPTION is inevitable as cutting-edge technologies such as the internet of things (IoT) and blockchains mature and find mainstream applications.

Surviving that disruption or falling victim to it, however, is a choice that organizations and business leaders have to make consciously.

Companies such as Adidas and Mercedes, for example, have been around for decades and are incredibly successful at what they do — but they've always had a finger on the pulse of the market — so before customers began expecting digital, both companies offered essential digital services to delight customers and wow them.

Although the journey has only begun for these companies, their efforts have won them the loyalty of their customers and fans for at least a few more years.

However, we can't say the same thing about companies such as Kodak and Blackberry.

The first is a company that was a runaway success until it decided to ignore digital cameras and the incredible convenience they offered to customers. Today, Kodak is used as an example of one of the first companies disrupted by the digital age.

Blackberry on the other hand, despite being born digital, failed to keep up with new and emerging ecosystems and solutions that offered more convenience to the same set of business users that they were once revered by.

In the past couple of years, Blackberry has been struggling to re-invent itself (although the company's enterprise solutions division is an entirely different story altogether — and much more successful).

While Adidas and Mercedes, have survived disruption, Kodak and Blackberry seem to have failed — maybe temporarily, maybe forever — only time will tell.

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However, according to a new study by Accenture, nearly three-quarters (72 percent) of industry sectors experienced an increase in disruption over the past eight years, leaving US\$41 trillion in enterprise value exposed to disruption today.

The new report also challenges the misperception that disruption is sudden and short-lived, discovering that it is in fact persistent: More than four in five industries (83 percent) spent at least five years in the same period of disruption between 2011 and 2018.

“Responding to persistent disruption requires a radical departure from old, comfortable business strategies that no longer work,” said Accenture CMT Operating Group Chief Omar Abbosh.

“Successful companies avoid disruption by leaning into disruptive technologies, testing new ideas and learning how to remain close to the innovation frontier.”

What can businesses do to survive digital disruption?

While the study primarily builds on previous research to catalog the periods of vulnerability and volatility in the enterprise world, the company’s analysts also identify a few critical steps to help businesses survive disruption in a world where we’re all accelerating to digital at an incredible pace.

The report looks into several innovative companies that are thriving despite significant disruption within their industry and finds that excelling during disruptive periods involves four key actions:

#### # 1 | Creating the next “cutting-edge”

“Embrace new technologies to develop potentially disruptive ideas, in and outside of your current industry.”

China’s WeChat, for example, began as a messaging app. The company soon leveraged its popularity on the Chinese consumer’s mobile device to roll out other kinds of services, including media segments, brand engagement apps (mini-programs), and even a payments system.

WeChat’s parent company Tencent, a technology company, is working on leveraging AI and cloud to not just transform communications and fintech but also medical and mobility.

The message, therefore, is that companies shouldn’t limit themselves to their specific industry vertical. If there’s an opportunity to create something, companies should go for it — especially if they want to play the disruptor rather than the disrupted in the digitally-focused marketplace.

#### # 2 | Funding future bets

“Progressively bolster and allocate your innovation investments so you can test and turn new ideas into commercial realities faster.”

Bain & Company had recently published a report on funding innovation that said that companies should not only create additional pools of funds to innovate but also look at cost transformations (not cost reductions) within the company in order to really be able to push forward with projects that bolster revenues and growth.

While plenty of examples spring to mind when you think of funding future bets, Elon Musk as an individual stands out quite distinctly with his returns from PayPal going into Tesla and

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then new funds going into the Boring Company. All of his investments, fortunately (so far), position him as a disruptor.

# 3 | Finding partners to scale with

“Commit to scaling new ideas with ecosystem partners who can provide access to technologies and specialized talent.”

This is primarily visible in the banking space, in Asia and around the world. Most banks that have embraced digitalization have done so with the help of ecosystem partners in order to provide incredible value to customers, businesses, and all stakeholders involved.

Take DBS Bank for example. It has partnered with Singapore Airlines, Singapore Management University, and even Go-Jek to build an ecosystem that opens up doors and provides access and support to the bank that will help it weather the storm of disruption.

# 4 | Disrupting from the inside

Here's exactly how procurement functions can automate and digitize themselves. Source: Shutterstock

A DIGITAL TRANSFORMATION BLUEPRINT FOR PROCUREMENT PROFESSIONALS

Soumik Roy | 4 June, 2019

“Establish a specialized entity such as an ‘innovation lab’ or a ‘digital factory’ in order to bring meaningful innovation into your established business.”

Do you remember 3M? The Maplewood, Minnesota-based company is one of the oldest businesses that focused on disrupting from the inside. We've all heard stories of how the double-sided tape and post-it notes were born as a result of the company encouraging employees to focus on exploring new ideas.

Several other technology companies are also known for carving out time for employees within the business to innovate — be it via regular “innovation breaks” or more structured internal “hackathons”, there's always an opportunity for everyone in the company to ideate and innovate.

Avoiding disruption isn't rocket science, but you do need rocket fuel in the form of funds, teams, people, and other resources to accelerate innovation and prepare for the future.