How compressive disruption threatens slow-moving industries

The pace of disruption is accelerating, giving organizations in most industries much less time to adapt. Yet, many large asset-heavy companies are seemingly stable and immune to explosive, or “big bang,” disruption. However, companies in these industries are experiencing a slower and much harder to recognize “compressive” disruption that is putting the squeeze on revenues and operating profits.

OUR RESEARCH

For asset-heavy industries, operating profits fell and revenues declined.

Asset-heavy industries are slow to adopt new products.

Slow disruption weakens the core business over time, restricting cash flow and ultimately the ability of companies to invest outside of their core businesses.

Rooftop solar has taken >50 years to reach a 10% market share. In 2015 only 0.6% of U.S. households had rooftop solar.**

Automotive revenue growth has slowed to 1% CAGR since 2014 compared with 35% growth from 2009 to 2013. Yet, the rise of ride-sharing revenue is expected to spike 21.8% CAGR from 2017 to 2021.***

THREE OPPORTUNITIES TO RENEW THE CORE BUSINESS

SEEK

- Be open to harvesting new, innovative ideas, both within and outside of the borders of your organization (e.g., through open innovation platforms, partnerships).

SELECT

- Carefully examine your assets, including intangibles (e.g., customer and marketing data), and find new ways to monetize them.

ACT

- Evolve your business model, putting new commercial propositions (e.g., build content-based services) at its center.

WHAT ARE THE BLINDSPOTS?

- Stabilty = Reliance on significant barriers to entry
- Size = Unwillingness to restructure or divest old assets
- Longevity = Inability to embrace new business models

SPOT THE STAGES OF COMPRESSIVE DISRUPTION

- Empty growth = Revenue and operating profits level out and remain flat for a period of time.
- False hope = Revenues and operating profits face a prolonged decline with no recovery in sight.
- Decline = Revenue and operating profits start to decline.
- Decay = Revenue and operating profits start to decay.

LEARN MORE ABOUT DISRUPTION

- www.accenture.com/digitalfragmentation
- www.accenture.com/compressivedisruption
- www.accenture.com/bigbangdisruption

CREATE AN INTELLIGENT ENTERPRISE

- Take control of disruption
- Forms of disruption: • Big Bang • Compressive • Digital Fragmentation
- Unlock trapped value opportunities: • Enterprise • Industry • Consumer • Society
- Perpetual change journey: • Transform • Grow • Scale • Pivot wisely

MASTER NEW ORGANIZATIONAL ARCHITECTURES

- Living business • Industry X.0 • Future workforce • Digital decoupling • Cyber-resilient business

LEARN TO THRIVE UNDER PRESSURE

- Learn why you should self-disrupt
- www.accenture.com/leadintthenew

Copyright © 2017 Accenture. All rights reserved.

---

1. Earnings Before Interest, Taxes and Amortization

2. Solar Energy Industries Association, and US Census Bureau (784,000 homes had installed rooftop solar as of the first half of 2015, and as of July 2015 there were 134,789,944 housing units)

3. Source: Statista

---

2011 2015

Aggregate Revenue (US$ Trillions)

Sources: Accenture Profit Compression Database; World Bank national accounts data (current US$); Accenture Research analysis