

Abstract geometric shapes in blue and cyan, including a large blue arrow pointing right and a cyan arrow pointing left, overlapping each other.

LEADING IN THE NEW

**HARNESS THE POWER
OF DISRUPTION**

NEW WAYS FOR A NEW WORLD

Constant change is driving organizations to seek out new ways of working.

They need to:

- Understand the nature of **DISRUPTION**
- Identify sources of **TRAPPED VALUE**
- **INNOVATE** at scale
- Create an **INTELLIGENT ENTERPRISE**



**DEMOGRAPHIC
SHIFTS**



**SOCIAL AND
CULTURAL CHANGES**



**TECHNOLOGY-LED
INNOVATION**

DISRUPTION CAN BE FAST

Big Bang, or explosive disruption happens when innovations and technology advancements bring new offerings that are better **and** cheaper. It is powered by:

- An overnight change in customer preferences
- A combination of declining costs of innovation, information and experimentation

[Find out more about Big Bang Disruption](#)

DISRUPTED BY REFRIGERATION

Minnesota ice farmers who once cut ice from rivers and shipped it around the planet.



DISRUPTION CAN BE SLOW

Compressive Disruption is insidious. What happened in two to three decades, now happens much faster. It occurs because:

- Incumbents' profit streams are squeezed by new entrants with innovative business models
- There is a spiral of decline as profits flatten, revenues stall, growth slows
- **Implication:** Reduced investment capacity limits innovation and **ability to avoid** obsolescence

[Find out more about Compressive Disruption](#)

COMPRESSED BY SMARTPHONES

Before smartphones, "the new" included laptops and desktops. About the same volume of desktops is being manufactured today as in 2005. But other devices and formats have emerged at a much bigger volume. Profit streams can be derived from old PCs but they are greatly compressed.



DO NOT FEAR DISRUPTION SEE IT COMING AND TAKE CONTROL

Leaders now have a navigational guide to see the world around them and excel in a disruptive environment. Our disruptability index is a starting point for business leaders. It helps them understand their current coordinates and anticipate what level and type of disruption is headed their way. Armed with this new understanding, leaders will be able to make the tough and bold decisions that will help them use disruption to reinvent their legacy business, become more financially viable, and venture into new markets.

MYTH:

Disruption is mysterious, random, unpredictable

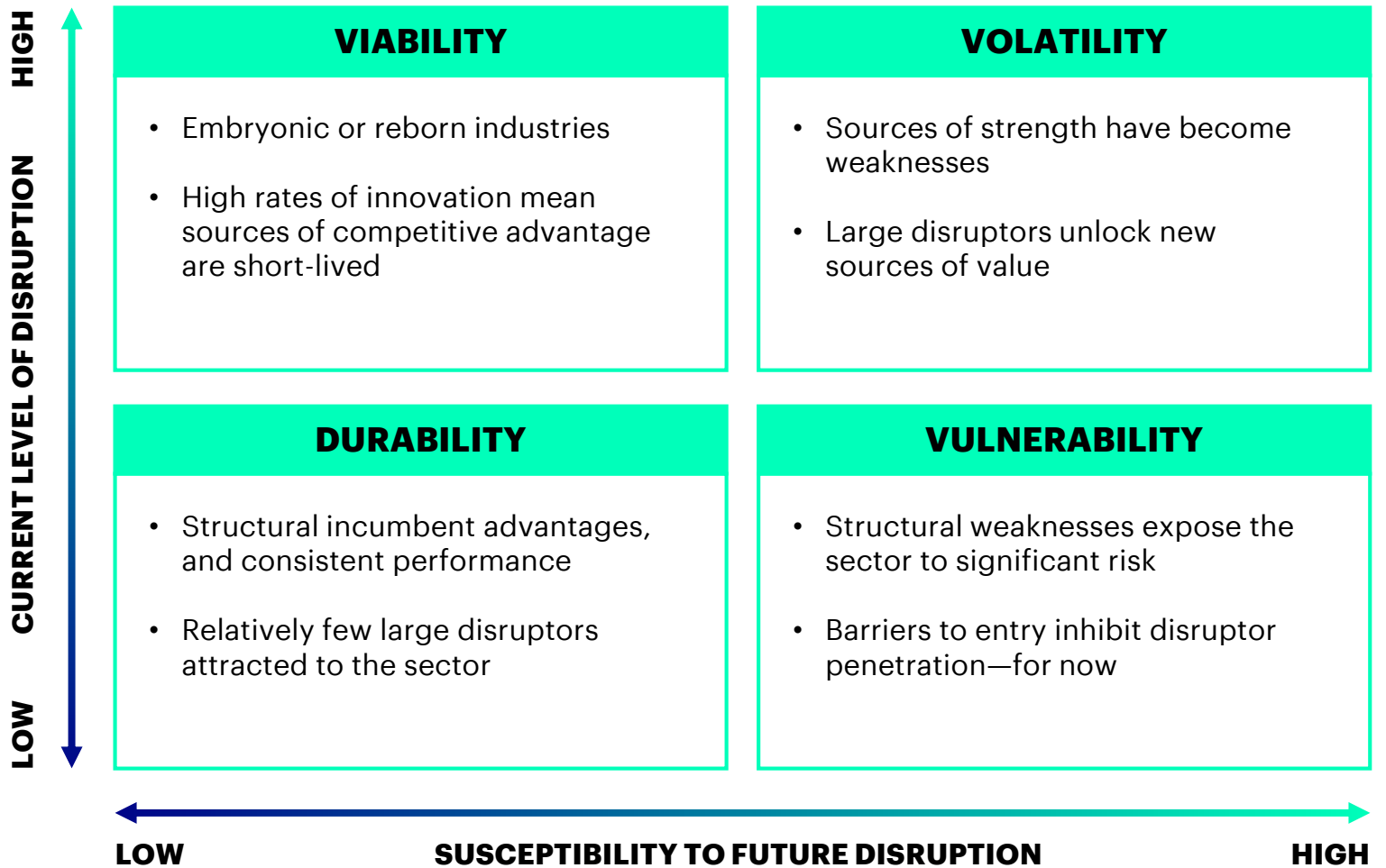
It is beyond your control

It is a single event

REALITY:

Disruption occurs in four distinct periods

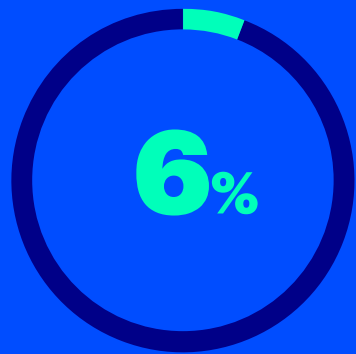
Knowing where your business fits prepares you to face future disruption head on



INCUMBENTS ARE FINDING IT DIFFICULT TO ADAPT TO THE NEW RULES OF THE DIGITAL WORLD

Many are failing to drive growth and profits from their technology investments.

As data protection regulations rise and public opinion about globalization, nationalism and multinationals falls, global businesses must adopt new operating models to manage increasing fragmentation.



6% of companies have managed to create financial impact from their digital investments¹

[Find out more about digital performance](#)

1. Source: Accenture Digital Performance Index, 2016



74% of CIOs and CTOs said their company is likely to exit a market, delay or abandon market-entry plans due to increasing digital fragmentation²

[Find out more about digital fragmentation](#)

2. Source: Accenture Digital Fragmentation Survey, 2016

INNOVATION HAS THE POWER TO RELEASE TRAPPED VALUE

ORGANIZATIONS MUST:

- Learn to identify hidden value
- Free themselves from legacy constraints
- Capitalize on emerging technologies
- Seek value within and outside of the core business simultaneously

\$14tn

AI could boost industry profitability rates by an average of 38% and lead to an economic **boost of US \$14tn** in additional gross value added (GVA) by 2035.

[See how AI will Boost Industry Profits](#)

x2

Artificial intelligence could double annual economic growth rates of developed economies by 2035, due to changes in the nature of work and the creation of a new relationship between humans and machines.

[Find out more about artificial intelligence and the future of growth](#)

COMPANIES THAT SUCCESSFULLY RELEASE TRAPPED VALUE HAVE SIX CHARACTERISTICS

1 Hyper Relevant

Knowing how to be and how to stay **relevant to customers**, by sensing and addressing their changing needs (e.g., affordability, social connectedness, experience quality).

2 Network Powered

Harnessing the power of a carefully managed **ecosystem of partners**, to bring the **best innovations** to your customers.

3 Technology and Data Propelled

Mastering **leading-edge technologies**, and **data manipulation**, to enable business innovation, at an unprecedented level and scale.

4 Asset Smart

Optimizing **asset positions** to enable a faster shift to new business models, by making bold and timely changes (often at the balance sheet level).

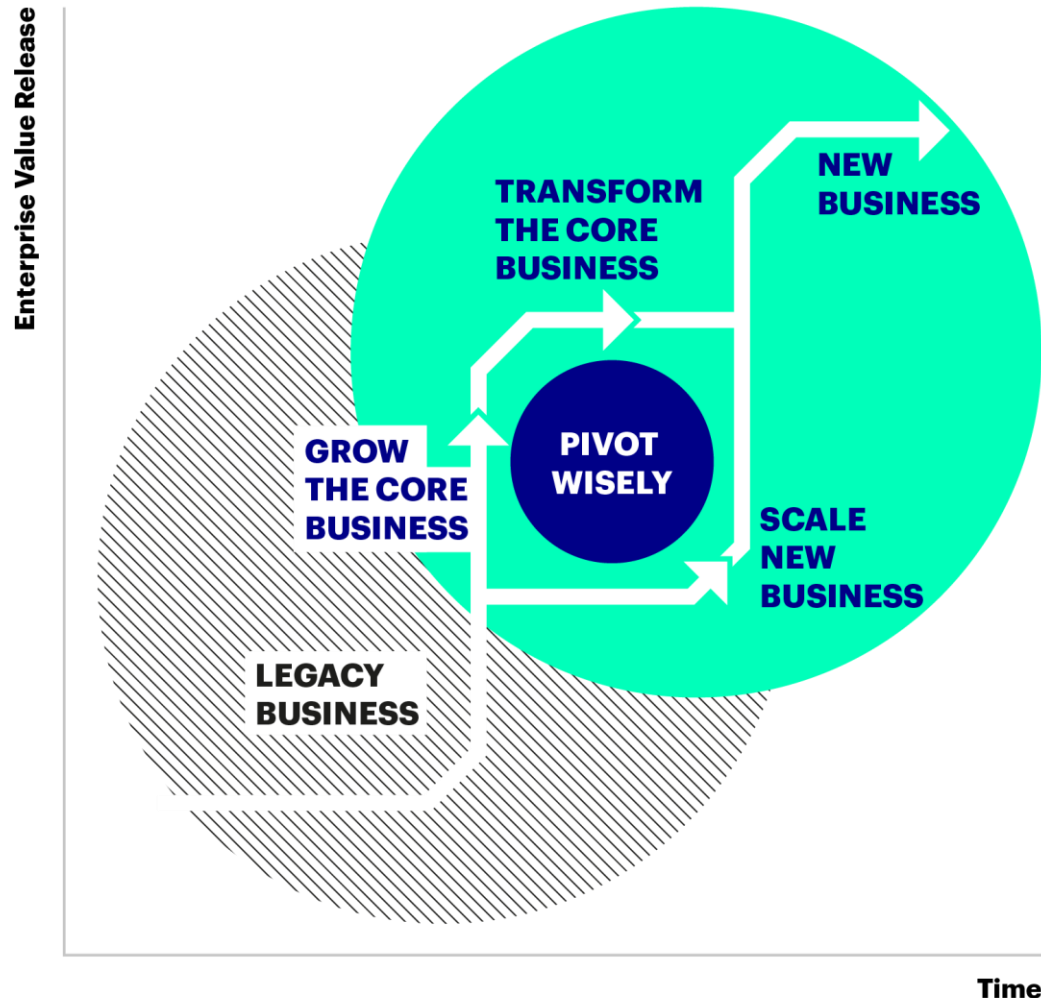
5 Hyper Lean

Adopting **intelligent operations** (automation and digitization of manufacturing, supply chains and functions) to optimize cost structures, and **free up capacity for innovation**.

6 Agile Workforce Champions

Creating new, **modern forms of workforces** (specialized, flexible, augmented and adaptive) required to gain a competitive advantage in existing and new markets.

ROTATION TO THE NEW IS A DELIBERATE AND PERPETUAL CHANGE JOURNEY, NOT A SINGLE EVENT



TRANSFORM THE CORE BUSINESS

...by building more competitive cost structures to improve flexibility, increase profits, and drive up investment capacity.

GROW THE CORE BUSINESS

...by redirecting some of that investment capacity to drive incremental growth in the core business.

SCALE NEW BUSINESS

...by identifying the new areas that are growing up next to the core—and are relevant in their industries—and scaling them.

PIVOT WISELY

...by keeping an eye on pace and balance. The “core” and “new” businesses usually need to co-exist for a substantial period of time.

LEADERS ARE NOT WAITING; THEY ARE ALREADY UNLOCKING TRAPPED VALUE

Schneider Electric: leading global specialist in energy management and automation

The Schneider Electric Digital Services Factory is a 'virtual' factory that enables the company to rapidly build and scale new offerings in areas such as predictive maintenance, asset monitoring and energy optimization. It offers a range of services:

- Generating and incubating new ideas
- Designing and testing potential offerings
- Deploying and scaling solutions
- Providing the analytics and IoT capabilities to accelerate development of new services

“Schneider Electric is aiming to cut the time from product ideation to market by

80%”

Karim Chaabouni
Managing Director
Accenture Industrial

CREATING AN INTELLIGENT ENTERPRISE

A new organizational architecture brings together new capabilities and existing operating models to create a step-change in agility, efficiency, productivity and creativity.

KEY IMPERATIVES OF THE INTELLIGENT ENTERPRISE ARCHITECTURE



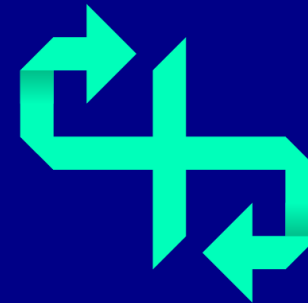
**Living
Business**



**Industry
X.0**



**Future
Workforce**



**Digital
Decoupling**



**Cyber-Resilient
Business**



LIVING BUSINESS

Today growth demands a new degree of customer relevance. The intelligent enterprise recognizes the importance of delivering hyperpersonalization by using data intelligently to deeply understand, anticipate and adapt to customer needs. In doing so, the organization becomes what we refer to as a “Living Business”. “Living Businesses” will venture outside of traditional industry boundaries to capture new sources of growth, while cultivating a culture that fearlessly embraces change.

[Find out more about Banking as a Living Business](#)

Accenture analyses indicate that digital leader banks can **increase revenue at least**

30% BY 2022

through a Banking as a Living Business model.



INDUSTRY X.0

The intelligent enterprise knows how to satisfy industrial and individual customers' growing hunger for the cost-effective personalization they enjoy as consumers. It's the promise of organizations embracing Industry X.0 who are reinventing their core operations, their worker and customer experiences, becoming proficient at drawing on connected digital technologies to tailor innovative products, services and experiences to the customer. By integrating systems, sensors and new intelligence, intelligent enterprises not only improve their efficiency and create new ecosystems, but also identify new (typically digitally enabled) revenue streams.

[Find out more about how to Combine and Conquer](#)

Combining technologies is key to **value creation as an Industry X.0 business.**

64%

of executives agree that failure to leverage 'digital value components' of Industry X.0 will cause them to struggle for survival.



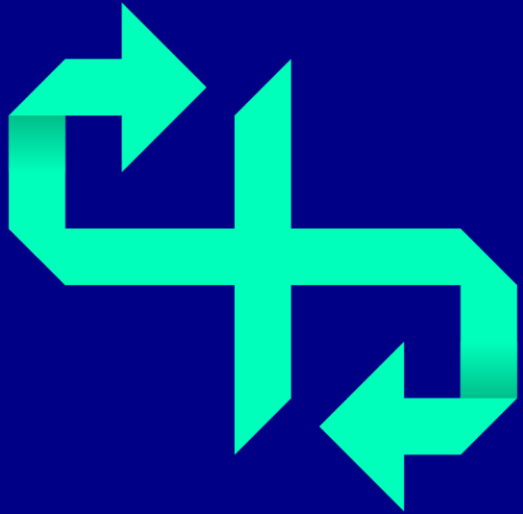
FUTURE WORKFORCE

The intelligent enterprise knows how to combine advanced technologies with human qualities to enhance workforce capability and productivity. It masters continuous learning strategies that keep people adaptive and relevant. It uses digital tools to source outside talent and to reinvent HR services that enrich the experience of the extended workforce. And its agile organizational model, culture and leadership reinforce its ability to innovate and respond to market demand.

[Find out more about Harnessing Revolution:
Creating the future workforce](#)

85%

of people would
invest their free
time to **learn skills
to remain relevant.**



DIGITAL DECOUPLING

Following years of chronic underinvestment in IT and steady deterioration of legacy systems, many companies are now facing high technical debt (the amount of money it would take to renew legacy systems to make them fit for today's business environment).

The intelligent enterprise is proficient at utilizing a new digital architecture (e.g., new cloud services, data lakes, microservices, open APIs, robotics, etc.) that can help reduce dependency on and cost of maintaining the legacy systems, while supporting faster execution of the business strategy. This new digitally decoupled architecture promises to deliver savings that can be used to make investments in IT agility, giving organizations the freedom to innovate.

[Find out more about moving From Lead Weight to Launch Pad](#)

70% of executives say that **technical debt in their legacy systems** severely limits their IT function's ability to be innovative.

Source: Accenture Digital Decoupling Survey, July-August 2016



CYBER- RESILIENT BUSINESS

The intelligent enterprise takes a new approach to cybersecurity, moving beyond the current “band aid” approach to one that protects an organization’s most important assets across its entire industry value chain. Cybersecurity is a strategic priority for CEOs who understand the impact on their business of a cyber incident, embed security within their business operations, and shift from being reactive to proactive by aligning their cyber security with future business needs. By building resilience from the inside out, organizations can operate and grow confidently in a rapidly evolving threat landscape.

[Find out more about The Accenture Security Index](#)

70%

of executives say cybersecurity
is a board-level concern.

TELL ME MORE

READ



**“Leading in the new:
Harness the power
of disruption”**

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www.accenture.com/leadinginthenew

WATCH

- [Learn to thrive under pressure](#)
- [Harness the power of disruption](#)
- [Four steps to rotating wisely to the new](#)



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