DIGITAL FRAGMENTATION
ADAPT TO SUCCEED IN A FRAGMENTED WORLD
C-SUITE MAJORITY WORRIED ABOUT INCREASING BARRIERS TO GLOBAL FLOWS

Global business is experiencing a newly fragmented world

- Increasingly difficult to move people, products, services and data across borders
- Changing opinions on globalization, nationalism and multinationals
- Threats from disruption hindering needed innovation

86%

IT STRATEGIES AND SYSTEMS ARE VULNERABLE TO INCREASING BARRIERS TO GLOBALIZATION

Source: Accenture Digital Fragmentation Survey 2016
PROTECTIONIST POLICIES HAVE SOARED

More than 1,200 trade-restrictive measures were adopted by G20 members since October 2008 and remained in force in 2016.

Source: World Trade Organization Secretariat
Note: Breakdown for 2008 and 2009 remain unpublished
FOREIGN DIRECT INVESTMENT HAS LOST MOMENTUM

Global foreign direct investment (FDI) inflows remain below their 2007 pre-crisis peak (trillions of dollars)

Source: UNCTAD
REGULATIONS CONTROLLING DATA CONTINUE TO RISE

The number of countries with data privacy laws more than tripled in the last two decades

MEDIA SENTIMENT TOWARD MULTINATIONALS IS WORSE THAN DURING THE FINANCIAL CRISIS

Text analysis of the evolving media sentiment toward multinationals, 2006 to 2016

Source: Accenture analysis of more than 45,000 articles from tier-1 global media sources, 2016

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INCREASING BARRIERS TO GLOBALIZATION AFFECT GLOBAL FOOTPRINT

How likely is it that your company will exit a market, or will delay or abandon market-entry plans, due to increasing barriers to globalization?

- 8% Now
- 74% Over the next 3 years
There will be winners and losers in the new era due to...

- Rising IT costs
- Increasing operational complexity
- Compromised digital growth plans
- Revised strategic and operational plans

86% increasing barriers to globalization will be a problem for the IT function in the next three years

Source: Accenture Digital Fragmentation Survey 2016
91% RISING BARRIERS TO GLOBALIZATION WILL INCREASE IT COSTS IN THE NEXT THREE YEARS

“IT WILL BE EXPENSIVE. IT WILL CONSEQUENTLY COST OUR CUSTOMERS MORE.”

Senior Executive
Global Technology Company
OPERATIONAL COMPLEXITY WILL INCREASE

GREATER SECURITY RISKS

MORE RED TAPE

CROSS-BORDER COMMUNICATION COMPLIANCE

FINDING MORE TALENT IN MORE PLACES

MORE INTEGRATION WORK

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DIGITAL CAPABILITIES WILL BE COMPROMISED

Increasing barriers to globalization compromise abilities in...

<table>
<thead>
<tr>
<th>Service</th>
<th>Agree (%)</th>
<th>Disagree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud services</td>
<td>54%</td>
<td>14%</td>
</tr>
<tr>
<td>Cross-border analytics</td>
<td>54%</td>
<td>15%</td>
</tr>
<tr>
<td>Operations across national IT standards</td>
<td>58%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Accenture Digital Fragmentation Survey 2016
STRATEGIC AND OPERATIONAL PLANS ARE BEING FUNDAMENTALLY REVISED

Increasing barriers to globalization are making CIOs and CTOs rethink...

Global IT architectures

- Agree: 60%
- Disagree: 19%

Physical IT location strategy

- Agree: 52%
- Disagree: 18%

Cybersecurity strategy/capabilities

- Agree: 50%
- Disagree: 21%

Source: Accenture Digital Fragmentation Survey 2016
NEW AND EMERGING TECHNOLOGIES BRING COMPLEXITY—AND OPPORTUNITY

Companies that are prepared for this more fragmented reality can rotate to the new.

Consider 3D Printing for example:
Manufacturing can easily move to appropriate locations to account for national legislation.
This allows entirely new and flexible options to organize global manufacturing and supply footprints that optimize for cost and complexity.
FOUR STEPS TO RECALIBRATING YOUR DIGITAL DIRECTION

Global business models, especially digitally focused ones, must flex and rotate if they are to succeed in today’s new, more fragmented reality.

1. ADD A NEW LENS TO STRATEGIC PLANNING
   Boards must acknowledge the impact of an increasingly fragmented world by discussing its implications across the business.

2. BUILD LOCAL ADVANTAGE
   Adopt IT strategies, processes and infrastructure that enable the organization to “be genuinely local” in all markets.

3. DE-RISK DATA
   Protect and reassess key information flows to optimize decision making and prevent disruption.

4. EMBRACE TECHNOLOGY
   Fully explore and exploit new technologies to navigate complex and evolving regulatory rules and legislation in relevant markets.
ABOUT THE RESEARCH

402
CIOs and CTOs surveyed by Roubini ThoughtLab in late 2016

COUNTRY, HQ

- Brazil: 50
- Japan: 50
- United Kingdom: 50
- China: 50
- India: 50
- United States: 50
- Germany: 50
- South Korea: 50
- No headquarters: 2

SECTOR

- Resources/commodities: 116
- Manufacturer: 74
- Retailer/distributor: 88
- Technology: 61
- Digital platform company: 88
- Service company: 50

SIZE, ANNUAL REVENUE

- $250 million - $4.9 billion: 103
- $5 billion - $19.9 billion: 154
- $20 billion+: 145

IN-DEPTH INTERVIEWS
with experts on policy, economy, and digital business

DATA AND TREND ANALYSIS
including Web scraping, data analytics, trend analysis, and policy research

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LEARN MORE ABOUT DISRUPTION

BIG BANG DISRUPTION

COMPRESSIVE DISRUPTION

DIGITAL FRAGMENTATION
CREATE AN INTELLIGENT ENTERPRISE

Take Control of Disruption
Forms of disruption:
- Big Bang
- Compressive
- Digital Fragmentation

Unlock Trapped Value
Opportunities:
- Enterprise
- Industry
- Consumer
- Society

Rotate to the New
Perpetual change journey:
- Transform
- Grow
- Scale
- Pivot wisely

Master new organizational architectures
- Living business
- Industry X.0
- Future workforce
- Digital decoupling
- Cyber-resilient business

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