BIG BANG DISRUPTION
BE THE UNSTOPPABLE FORCE
HERE TODAY. GONE TOMORROW

NEW, BETTER AND CHEAPER GOODS ARE REINVENTING PRODUCT AND SERVICE LIFECYCLES

- TomTom revenues peak in 2007 at EU 1.7 billion
- Garmin auto sales peak in 2008 at USD 2.5 billion
- Late 2007: iPhone (with Google Maps) debuts
- By the end of 2009:
  - TomTom’s revenues fall from peak by 15%
  - Garmin auto sales fall from peak by 20%
- Today, Google Maps has seen over 1 billion installations
HERE TODAY. GONE TOMORROW
NEW, BETTER AND CHEAPER GOODS ARE REINVENTING PRODUCT AND SERVICE LIFECYCLES

- 2003: Netflix reaches 1 million subscribers
- 2004: Blockbuster revenues peak around USD 6 billion
- 2005: Netflix reaches 3 million subscribers
- 2009: Blockbuster revenues have fallen from over 30% from peak; declares bankruptcy in 2010.
HERE TODAY. GONE TOMORROW

NEW, BETTER AND CHEAPER GOODS ARE REINVENTING PRODUCT AND SERVICE LIFECYCLES

Nintendo Console Sales: Accelerating Sales, Accelerating Declines

Copyright © 2017 Accenture. All rights reserved.
BIG BANG DISRUPTION UPENDS TRADITIONAL BUSINESS
RAPID LIFECYCLES CAN WIPE OUT WHOLE INDUSTRIES

"THERE ARE NO SECOND ACTS IN AMERICAN LIVES."
F. SCOTT FITZGERALD
DIGITAL DISRUPTION IS BECOMING MORE COMMON

INDUSTRIES UNAFFECTED BY THE FIRST WAVE OF TRANSFORMATION ARE IMPACTED

MAPS & DEDICATED GPS DEVICES

- Google Maps
- Waze

TAXI SERVICES & CAR RENTALS

- Uber
- Lyft
- Bla Bla Car

HOSPITALITY & LODGING

- Airbnb
- Tripping

FINANCIAL SERVICES & PAYMENTS

- PayPal
- Apple Pay
- Venmo

TRAVEL AGENCIES

- Booking.com
- TripAdvisor

MOVIE RENTALS & TELEVISION

- Netflix
- Amazon Prime Video
- Hulu
FOUR WAYS TO BE BETTER AND CHEAPER
COMPANIES SHOULD SELF-DISRUPT

PRICE DEFlation
PLATFORM EXPLOITATION
CROSS-SUBSIDIZATION
MARGINAL COST ELIMINATION

THREE PROBLEMS FOR INCUMBENTS

BIG BANG DISRUPTION

- YOU CAN’T STOP IT
- YOU CAN’T BEAT IT
- YOU CAN’T SEE IT COMING

TRADITIONAL TECHNOLOGY ADOPTION CURVE

Copyright © 2017 Accenture. All rights reserved.
YOU CAN’T SEE IT COMING
UNENCUMBERED DEVELOPMENT

Copyright © 2017 Accenture. All rights reserved.

## YOU CAN’T BEAT IT

WINS AT ALL THREE STRATEGIC DISCIPLINES

<table>
<thead>
<tr>
<th></th>
<th>STANDALONE GPS</th>
<th>SMARTPHONE NAVIGATION APP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRICE</strong></td>
<td>$100 - $300</td>
<td>Free</td>
</tr>
<tr>
<td><strong>DIFFERENTIATION</strong></td>
<td>Intermittent update</td>
<td>Real-time updates of data and software</td>
</tr>
<tr>
<td><strong>CUSTOMER INTIMACY</strong></td>
<td>Little to no real time content</td>
<td>Integrated with phone contacts and search</td>
</tr>
</tbody>
</table>
YOU CAN’T STOP IT
UNCONSTRAINED GROWTH

Google maps mobile installs
TomTom cumulative unit sales*
Garmin cumulative unit sales

NB: Garmin and TomTom data from available 10k filings and annual reports. Garmin’s year 0 = 1998 (StreetPilot debut); TomTom’s year 0 = 2002 (Navigator debut). Both Garmin and TomTom unit sales are inclusive of all GPS products. Google data from publicly available news sources; year 0 = 2007 (debut of Maps for Mobile 2.0)

* TomTom stops reporting unit sales per year after 2009

Copyright © 2017 Accenture. All rights reserved.
FOUR STAGES OF BIG BANG DISRUPTION

YIELD FOUR STRATEGIC IMPERATIVES

The Singularity

The Big Bang

The Big Crunch

Entropy

FORESIGHT

SCALING MANAGEMENT

ASSET FREEDOM

END GAME MASTERY

Copyright © 2017 Accenture. All rights reserved.
INDUSTRIES EXPERIENCING BIG BANG DISRUPTION TODAY

**HEALTH CARE**
Biometric sensors demystify the shamanistic myth of medicine

**F INANCE**
Money becomes just another form of information

**GOVERNMENT**
Market pricing for public services

**UTILITIES**
Portable electricity networks mirror wireless communications

**CONSUMER PRODUCTS**
Market-led marketing takes over

**PHARMACEUTICALS**
Bespoke drugs based on your DNA

**RETAIL**
The disruptive force of the sharing economy

**ENERGY**
Practical fuel cells...launched on Kickstarter

**RETAIL BANKING**
The end of cash

**MANUFACTURING**
The “Internet of Things” drives the supply chain from the bottom

**EDUCATION**
The virtual ivory tower revolutionizes learning

Copyright © 2017 Accenture. All rights reserved.
# Eight Habits of Highly Vulnerable Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Habit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Running too lean</td>
<td>Companies fail when they devote all their resources to a single product—the first act</td>
</tr>
<tr>
<td>2</td>
<td>Having the wrong capital structure</td>
<td>Companies should raise substantial outside capital for expansion and production much earlier</td>
</tr>
<tr>
<td>3</td>
<td>Being too focused</td>
<td>“Happy accidents” are invariably the source of second act success</td>
</tr>
<tr>
<td>4</td>
<td>Failing to retain founders</td>
<td>Founders are often sidelined into engineering roles they find too constraining and leave</td>
</tr>
<tr>
<td>Habit Number</td>
<td>Habit Description</td>
<td>Reason</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>Overserving shareholders</td>
<td>Public investors—and the research analysts who advise them—are even more conservative than traditional creditors</td>
</tr>
<tr>
<td>6</td>
<td>Trusting in luck</td>
<td>Buying a winning lottery ticket does not make you an expert in lotteries</td>
</tr>
<tr>
<td>7</td>
<td>Relying on regulators</td>
<td>Increasingly, incumbents are turning to long-time regulators to derail insurgents and buy time</td>
</tr>
<tr>
<td>8</td>
<td>Serving the wrong customers</td>
<td>“Winner takes all” phenomenon means that first product customers show up all at once, sending confusing signals about future sales and follow-on product potential</td>
</tr>
</tbody>
</table>
HOW CAN YOU SURVIVE BIG BANG DISRUPTION?

1. BUILD A PLATFORM NOT A PRODUCT

2. MAKE YOUR PRODUCT A SERVICE

3. DON’T BE HELD BACK BY THE PAST

4. MOVE RAPIDLY TO THE NEXT INNOVATION

5. INVEST IN OR ACQUIRE NEXT-GENERATION DISRUPTORS

6. EMPHASIZE COMPANY DEVELOPMENT OVER MARKET EXPERTISE
ASK YOURSELF

1. Who are the truth-tellers in this industry? 
   WHAT IS THE INDUSTRY’S INEVITABLE FUTURE?

2. How fast can you scale a new business model? 
   HOW FAST CAN YOUR COMPETITORS SCALE?

3. What is the real value of your current assets? 
   WHAT WOULD IT BE IF A BIG BANG DISRUPTOR APPEARS?

4. Are you ready to repurpose your offerings and capabilities 
   FOR NEW INDUSTRIES AND MARKETS?
<table>
<thead>
<tr>
<th>Take Control of Disruption</th>
<th>Unlock Trapped Value</th>
<th>Rotate to the New</th>
<th>Navigate Practical Paths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forms of disruption:</strong></td>
<td><strong>Opportunities:</strong></td>
<td><strong>Perpetual change journey:</strong></td>
<td><strong>New organizational architectures:</strong></td>
</tr>
<tr>
<td>- Big Bang</td>
<td>- Enterprise</td>
<td>- Transform</td>
<td>- Living business</td>
</tr>
<tr>
<td>- Compressive</td>
<td>- Industry</td>
<td>- Grow</td>
<td>- Industry X.0</td>
</tr>
<tr>
<td>- Digital Fragmentation</td>
<td>- Consumer</td>
<td>- Scale</td>
<td>- Future workforce</td>
</tr>
<tr>
<td></td>
<td>- Society</td>
<td>- Pivot wisely</td>
<td>- Digital decoupling</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Cyber-resilient business</td>
</tr>
</tbody>
</table>
BIG BANG DISRUPTION:
LEARN MORE

READ:
BIG BANG DISRUPTION:
STRATEGY IN THE AGE OF
DEVASTATING INNOVATION

WATCH:
FORGET THE BELL CURVE.
IT’S NOW A SHARK FIN.

WATCH:
BIG BANG DISRUPTION
TOPPLES TRADITIONAL
BUSINESS STRATEGY

www.accenture.com/biggbangdisruption
Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 411,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients’ industries, our team of 250 researchers and analysts spans 23 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations such as MIT and Singularity—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients. Visit us at www.accenture.com/research