It is no coincidence that six out of 10 CEOs name business growth as their number-one priority,¹ with IT-related business issues ranking a close second.²

**Why?** Because new business growth no longer happens without digital technologies. From the Internet of Things (IoT) to artificial intelligence (AI), 3D printing to blockchain, leaders are realizing only digital gives them the rapid-fire efficiencies and breakthrough innovation they need to satisfy shareholders, employees and consumers. As a result, many are in the process of their own digital transformation.

The value of that transformation, globally, has been pegged at US$100 trillion by 2025, according to a joint report by Accenture and the World Economic Forum (WEF).³

Beyond business growth, digital transformation brings remarkable potential for humankind. Benefits abound, from the democratization of healthcare and education to a cleaner environment. But, to tout only the positive aspects of digitalization without discussing the unintended consequences would be myopic. Digital transformation can have a flip side—the unintended impacts of progress. How leaders balance the risk-reward of disruptive technologies has become just as important as the solutions themselves. In a recent Accenture Strategy survey, executives expect technology and mobility solutions to deliver 32 percent of their future growth.⁴ Given that expectation, the flip side is an issue worth C-suite time and attention.

Digital transformation can serve all, but not in its current form. Individuals and wider society are looking to business to set a precedent for what it means to be a responsible, sustainable business, in a world transformed by digital. To remain competitive, companies must address these consequences head on, engendering trust across all stakeholder groups.
The unintended consequences of digital are as varied as the uses for digital itself. Innovations like AI, robotics and advanced analytics are employed by large corporations at a rapidly increasing clip.

Tasks performed by bots grew 200 percent over the past year and are expected to triple this year, which is not surprising given that 85 percent of executives report they will invest extensively in AI-related technologies over the next three years. While that bodes well for efficiency and cost reduction, what is the toll on human jobs? As more companies move their computing to the cloud, what is the environmental impact on carbon emissions? Balancing business benefits with the repercussions on society and the world at large should be a priority for large organizations. But many are so busy with their own transformation that the effects on their ecosystem and the world at large take a backseat.

Leaders shelve these concerns at their own risk. Citizens and consumers are watching cautiously. Technology’s transformational effects are fast being overshadowed by a general growing distrust of business and government. The 2017 Edelman Trust Barometer revealed the largest ever drop in trust across government, business, the media and non-governmental organizations. Despite the risk of disruption from a distrusting public, only nine percent of business leaders believe their businesses’ growth strategies are at a high risk for disruption.

Given the issues around trust and the expected digital-fueled growth, the future success of organizations the world over may lie in how well they anticipate and address the unintended consequences of their digital progress. From job losses, to privacy, to environmental impacts and more, large organizations can set a precedent for what it means to be
a responsible, sustainable business—to bring a very necessary human sensibility to a world rife with technology. For those tempted to balk at the work that takes, 63 percent of consumers refuse to buy products and services from companies they do not trust.9

Addressing the consequences of digitalization is not only the right thing to do. Done correctly, it is also a profitable way to fuel sustainable business growth.

**FLIP SIDE IMPACT IS A CHOICE**

While companies are employing digital technologies to create new revenue streams and improve efficiency, they often fail to think through the unintended consequences of such technologies—the flip side. These consequences are becoming increasingly clear, from cyber-attacks to environmental concerns. But, when company leaders make a conscious choice to proactively address their digital impact, they can reap both progress and positive consumer/citizen reaction.

**AUTOMATION’S IMPACT ON EMPLOYMENT**

More than half of the global population worries about losing their jobs due to automation. Companies need to automate with an eye to the human impact—real or perceived. Accenture Operations automated 17,000 of its 100,000+ employee roles.10 That could have been a scary scenario. But, with careful planning, headcount actually grew as employees were redeployed to higher level, higher touch jobs.

**ENVIRONMENTAL FOOTPRINT**

With 40 million tons of e-waste generated each year (the equivalent of throwing away 800 laptops per second), companies need to carefully audit the efficiency of their virtual data centers, as more move to the cloud. Cisco refurbished, reused or recycled about 12,600 metric tons of its own products in 2016.11

**PRIVACY CONCERNS**

The more connected our digital data becomes, the more at risk consumers are for identity fraud and other security concerns. Forty-five percent of consumers globally switched providers in the last year because they lost trust in a company.12
A company’s competitiveness is now heavily linked to how well it addresses its digital flip side. But, a growing number of businesses recognize current consumer and citizen sentiment is less than a ringing endorsement of their progress.

Historically, companies have been able to foster trust through their brand and consistent day-to-day customer interactions. For the most part, large companies were in the driver’s seat, controlling the flow of information to consumers. But in today’s hyperconnected, always-on digital world, consumers and the media can pursue the transparency they demand easily via digital means. From where a clothing company’s raw materials are harvested to which boats in a fishing fleet are used to provide a restaurant’s seafood, transparency is king.

While digitalization is essential, managing the Pandora’s box it opens is equally as critical to business growth with all stakeholders—not only customers but also future business partners. Successful leaders will balance transparency, privacy and intellectual property to leverage trust as a competitive advantage.
Victors are future forecasters

Success means having a plan in place to mitigate the potentially negative consequences of digitalization. Victors will turn them into opportunities to increase business trust and grow revenues.

Accenture Strategy has seen a company increase its gross profit by 50 percent while reducing material use by 90 percent, simply by recovering and remanufacturing used components. We have also seen companies in regulated industries turn regulation into a strategic advantage. Those that view government regulation as a disruptor—and are investing in that disruption—are more likely to have experienced growth of six percent or better in 2016.

Three out of four people believe that a business can act to grow profits and improve the economic and social conditions of the community in which it operates. A majority of CEOs (59 percent) report that their company can accurately quantify the business value of their sustainability initiatives, up from 38 percent in 2013. Among CEOs of the world’s largest companies—those with annual revenues more than US$1 billion—commitment and action is even more pronounced, with 76 percent of them already engaging investors on the value of sustainability to their business.

Digital done right

When the unintended consequences of digital are handled upfront, to prevent negative effects on consumers and society, digital can then live up to its potential. The innovation and efficiencies it fosters are at a scale the world has not seen—ever.

- 12.1 gigatons of greenhouse gases reduced by 2030 through 12 digital solutions such as smart building management and smart manufacturing
- 450 million e-learning degrees by 2030
- 30 million injuries prevented by using connected cars by 2030
In today’s highly scrutinized, more evolved environment, organizations are accountable to employees, customers, governments and wider society. To counteract the risks from digital transformation, businesses must engage these groups in major decisions.

This consultative arrangement may feel foreign to some companies and is certainly easier in theory than in practice. But mastering it is becomingly increasingly essential to competitive advantage. Companies that proactively share information and increase transparency across all stakeholder groups put themselves ahead of the game, as today’s digital environment forces transparency whether organizations are prepared for it or not.

Engaging employees, governments and individuals, and providing them transparency into your business practices, is a heavy commitment. But it is also the primary method of engendering the trust so essential to building and maintaining not only a brand, but a business.
To reap full value from digital responsibility, company leaders need to appropriately guide action and investment. But, the short answer to the question “Where do I start?” follows:

BUILD TRUST WITH CONSUMERS
Particularly, build trust in technology by making data sharing and privacy clear and simple.

LOOK OUT FOR YOUR WORKFORCE
Provide employees with the digital skills and lifelong learning opportunities that are so essential in today's high-tech economy. Develop roles where technology complements, rather than displaces, humans.

FOSTER PARTNERSHIPS FOR THE COMMON GOOD
Design and scale profitable solutions that improve health, security, productivity and the environment. Carefully create and monitor new technology to ensure it aligns with human values and corrects for unconscious bias.

IMPROVE YOUR FOOTPRINT
Use digital technologies to address the environmental impact of your company’s operations. These can effectively address corruption, exploitation and environmental harm throughout your value chain—with the right guidance from humans.

Accenture Strategy works with a variety of organizations, such as Business in the Community, to educate organizations on how to make the digital revolution a positive, inclusive one. Those that anticipate and address the flip side early have the potential to earn trust across stakeholder groups, translating that trust into responsible profits and growth for the digital age.
ABOUT ACCENTURE

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 435,000 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.

ABOUT ACCENTURE STRATEGY

Accenture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership help drive both efficiencies and growth. For more information, follow @AccentureStrat or visit www.accenture.com/strategy.