How to Stay Ahead of Disruptive Technology

Rapid technology innovation is changing the business landscape in almost every sector. It challenges existing business models, enables new operating models, facilitates new competitors, and drives change in customer behavior and expectations across generations. To thrive rather than just survive technology disruption companies have to be able to detect the emerging signals of change that could disrupt their businesses and at the same time they need to be agile enough to pivot, act, and grow in response to the disruption.

Misconceptions About Disruption

Disruption is not just a matter of technology-first companies uprooting legacy competitors. Established players that adopt technology efficiently are also shaking up industries and gaining market share.

In the face of rapid change, many companies don't feel that they are ready for the future. This lack of confidence is rooted in two major misconceptions: a) disruption happens by chance, rather than resulting from predictable forces, and b) the only possibility is a winner-take-all situation. Typically, neither of these scenarios is the reality. Disruption can be positive for an industry, forcing legacy players to inject a new level of innovation and continue to evolve, while startups bring new ideas to the table. And when larger companies partner with smaller companies, they can generate new ways of thinking that benefit their customers and the industry as a whole.

Technology Adoption is a Necessity

Impending disruption is a reality that no company can ignore. The threat of competition provides an opportunity for legacy companies to become more innovative, which ultimately serves consumers and strengthens the playing field. Established businesses that adopt key technologies thoughtfully and partner with emerging startups can stay relevant and thrive. Initially, technology adoption is an opportunity to innovate and gain a first-mover advantage. Eventually, it becomes a necessity.

Digital transformation goes beyond technology and processes, it allows for the creation of goods and services to provide stakeholders with seamless, differentiated and engaging experiences. Digitization will be disruptive, but it will deliver enormous value if businesses develop a deep understanding of the trends that are shaping our world and harness them to stay ahead of the disruption curve.

Companies should have a business process in place to identify vulnerabilities and the emerging business models and technologies that can mitigate them. To capitalize, rather than simply cope, businesses need to step back and rethink their approach to creating value, understanding that meaningful innovation is the key to delivering real outcomes and experiences. Instead of starting with technology solutions, companies should work backwards by asking, "What's our biggest challenge, and which tool would address it?" Companies then need to cultivate a culture of experimenting with and implementing the new models and tools. Any new technology should move the business from siloed, manual workflows toward automation and connectivity.

The rate of disruption is escalating across every industry, thanks to an increase in computing power, technology adoption and information sharing. There are a number of considerations along an organization's value chain to make innovation happen, from signals to action, such as:

➢ Where is the disruption coming from – technology, changing customers preferences, emerging competitors? And what is the extent of that disruption?

➢ When viewed in aggregate, are the signals pointing to business model disruption?

➤ What is the time horizon of impact? Tomorrow or five years from now?

➤ What are the potential business impacts, specifically on the top line and bottom line, as well as the business and operating models?

➤ What are companies in other industries doing to address similar disruption?

Shifting Consumer Expectations in the Experience Age

To excel in this new world, businesses must stay ahead of the disruption curve. It is not an easy task, but businesses need to focus on creating exceptional experiences for their customers. Businesses must understand the customer journey, ensuring that they provide the services customers want, when they want them, and with a look and feel that resonates with their work or lifestyle. Customers can - and do - expect experiences and solutions from brands, not just products.

Millennials are leading the charge, but consumers of all ages are increasingly opting to spend their money on spectator events, travelling, dining or other experiences - as opposed to things. The way to win over consumers has not changed - it is still all about providing the best possible outcome for the customer.

Companies that have Adopted New Technologies & Won

1. **Best Buy** was challenged by Amazon's rise. It has evolved by applying advanced technology through its entire supply chain. In-store associates are armed with mobile devices that give them visibility into a customer's past purchasing behavior. Best Buy has made ordering in-store, online or on mobile a seamless experience. Artificial intelligence tools learn from customers' preferences and past choices to make smart recommendations, driving personalized experiences. Partly thanks to these investments, the company's total revenues and ecommerce sales have grown significantly over the past two years.

2. While hospitals have often been slow to adopt new technologies, **San Francisco's UCSF Medical Center** is one example of an incumbent that has embraced change and thrived in the new healthcare landscape. UCSF has fully invested in mobile, allowing patients to message medical providers securely and to request prescription renewals via apps on mobile devices. Patients can request virtual visits with physicians and behavioral health providers instead of having to show up in person. The hospital also maintains electronic health records and takes advantage of data and analytics to help doctors and nurses make better decisions and improve quality of care.

3. **Go-Jek**, which started as a ride-hailing service in Indonesia, has evolved into something bigger, expanding into a full suite of services. Drivers deliver everything from meals and groceries to cleaners, masseuses and hairdressers in Jakarta, all through a smartphone app. Go-Jek's digital platform keeps drivers busy throughout the day and their drivers became more productive and more efficient, while earning more money along the way. Go-Jek drivers earned roughly 20 per cent more than the average monthly minimum wage. Go-Jek broke all the rules, going against the norm by entering multiple businesses at one time by solving customers' pain points. It is now poised to invest about US$500 million as it looks to expand into new markets.

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