Disruptive technologies are redefining industries and business

As the evolution of disruptive technologies move firmly into the mainstream, they will drive business transformation over the next 3 years

Technology disruptors driving the greatest business transformation:
- Artificial intelligence (AI) 33%
- Internet of Things (IoT) 17%
- Robotics 10%
- Blockchain 6%

New business models that will be the greatest disruptors:
- eCommerce platforms (such as but not limited to Amazon, Alibaba, Flipkart) 26%
- Social networking platforms (such as but not limited to WhatsApp, LinkedIn, WeChat) 19%
- Autonomous transportation platforms (such as but not limited to Didi, Waymo, Uber) 14%

Source: KPMG Technology Innovation findings, March 2018

Blockchain

1 in 3 global top tech industry leaders predict Blockchain will likely disrupt their company. Blockchain results in greater operational efficiency, increased trust between institutions, and reduction in labor-intensive data gathering, processing time and costs

What will be the greatest disruption resulting from Blockchain initiatives in the next 3 years?
- IoT processes (e.g. tracking software upgrades, product refills, warranties, etc.) 27%
- Cyber (e.g. reduced risk via ledger identity authentication) 24%
- Trading (e.g. platforms for small business) 22%
- Contracts (e.g. payments, insurance, identity confirmed via blockchain records) 14%

What are the critical factors for Blockchain to succeed?
- Security 27%
- General acceptance/international integration 10%
- Economic development 8%

Source: KPMG Technology Innovation findings, March 2018

Top issues that constrain tech innovation

24% Restrictive regulatory policy
It is critical to assess the impact of emerging technologies on business and society. Transparency about how emerging technologies are implemented is important. New regulations are focused on cyber, privacy and data governance

22% Access to expertise/talent
As technology innovation continues to change business models, there is a shift in the talent and skills companies will need to succeed. Visionary leaders are redefining the jobs and skills required to prosper in the digital age

21% Non-existent tech standards
Tech industry consortiums are beginning to define standards for new technologies to enable integration and reduce complexity

Source: KPMG Technology Innovation findings, March 2018
Barriers to technology innovation and emerging technologies commercialization

Customer adoption
The interactions customers have with products and services are happening more on the customers’ terms. A customer-centric operating model enables the development of new customer value and the creation of experiences that delight customers to differentiate the brand and increase product adoption.

Funding and access to capital
It is important to assess competing priorities, level of investment, and risk and rewards to obtain realistic go-to-market funding.

Cyber security
Securing and protecting customer privacy is foundational to maintain market leadership and customer trust. Companies are reviewing their cyber security strategies at the highest levels, and on a regular basis, because the risk evolves as quickly as the technology.

Source: KPMG Technology Innovation findings, March 2018

Boardroom Questions

1. How are we proactively assessing technologies that will enable new business models and long term value creation?
2. What organization structure, diverse expertise and process do we require to understand the scope of change driven by emerging technologies?
3. What emerging technologies might disrupt the company and the industry in the next 36 months?
4. What are the opportunities and challenges resulting from these new technologies?
5. How are new technologies impacting our stakeholders including customers, suppliers and partners? What are the business implications?
6. What actions should we as a Board, and the management team, implement to take advantage of these tech disruptors?
7. Is the business strategy and operating model enabling the C-Suite to drive opportunities resulting from new technologies?
8. Does the company have the expertise and agility to take advantage of these technologies?
9. Is the corporate culture continuously fostering innovation and enabling experimentation?
10. Is the management team prioritizing investments in the people, partnerships and resources to capitalize on opportunities driven by tech innovation?

What actions can the Board consider?

1. Ensure we have a strategy to be ready for the accelerating pace of technology disruption including people, process and technology.
2. Revisit the business strategy often to understand how emerging technologies will impact the business model. Assess opportunities and challenges.
3. Evaluate how emerging technologies will impact key stakeholders and their value propositions.
4. Rethink the business model to harness these new technologies and the ecosystems around them to gain competitive advantage.
5. Prioritize the adoption of new technologies that will enable the company to capitalize on long term value creation.
7. Make sure resources are aligned to capitalize on the value of adopting emerging technologies.
8. Confirm the corporate culture embraces innovation.

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