



INTERVIEW

HOW ACCENTURE IS DECODING DISRUPTION ON A GLOBAL AND LOCAL SCALE

ANDREEA NICULAE, SENIOR MANAGER, CONSULTING, Accenture Romania

1. In the post-digital revolution era, what are the challenges faced by companies in dealing with an ever-changing environment?

Innovations that we scarcely could have dreamt of a generation ago are driving the way we live today, as well as the consumers' expectations. At-home augmented reality car shopping. Silicon-based storage systems for renewable energy that can power cities even when the sun isn't out. Smart speakers that know which products consumers need, even before they do. These are just some examples. And while consumers are demanding more personalized and flexible services, business leaders are left to navigate an everchanging landscape.

From the business standpoint, the "post-digital" era means that the rules have changed and we're moving beyond the foundational adoption of digital tools and concepts to a new generation of technologies. Digital technology is no longer a competitive advantage – it's now the price of admission.

All this means organizations today find themselves at an inflection point and leaders realize that thriving requires taking on the disruptive forces. In our research "Disruptability Index 2.0" we found that disruption is an inescapable and growing challenge for all industries. On a global scale, up to 41 trillion dollars in enterprise value is exposed to disruption for 10,000 companies in 18 industry sectors.

2. How would you define disruption? How does it evolve over time and how does it impact organizations?

Disrupting factors are simply releasing new forms of value that was ready to be unlocked as a result of technological progress.

Industry disruption is persistent and rising and C-suite mentions of "disruption" during earnings calls, investor conferences, and company announcements have increased significantly over the past decade. And with it, the anxieties of executives across industries.

At Accenture we are extensively measuring

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industries at current level of disruption and susceptibility to future disruption. We have examined how the nature of disruption has evolved since 2011 for 18 industry sectors.

Our research reveals that industry disruption is a persistent state of affairs-not a short-lived explosion; 83% of industry sectors we analyzed between 2011 and 2018 spent at least five years of disruption in the same period. Disruption is a persistent battle and extended exposure comes with serious casualties, no matter the industry (to give an example, between 2011 and 2018, 3,217 U.S. companies from across the 18 sectors went bankrupt).

Interestingly, six percent of studied companies have embraced the future more decisively than most. These organizations reported that more than 75 percent of their revenues now come from business activities begun in the past three years. And their courage to forge into new areas is paying off: they have self-reported the strongest financial performances in that time.

3. What is your experience in dealing with disruption and what is the approach for your clients? What is your strategy to mitigate the threat of disruption?

We believe that the best example is our own reinvention and transformation by applying the approach which we define as Pivot to the New, which is considered one of the biggest transformations ever in the professional services industry. In 2011, we realized that all the classic technology and outsourcing businesses were facing commoditization and we knew it was going to become more difficult to differentiate and create value. As such, we identified and invested in five capabilities - interactive, mobile, analytics, cloud and security. As a result of our successful transformation, now we have just closed fiscal year 2019 with approx. 65% of our revenue from these services, which we call the New.

4. In light of the signs of a slowing economy and the real possibility of an incoming economic crisis, what are, in your opinion, the perspectives for local and regional businesses?

As we live in a global economy, our regional and

local clients are also facing similar challenges as other market players.

Speaking about a potential crisis, I believe the perception is more towards a possible recession and, therefore, our clients are more cautious when defining their investments strategy. Otherwise I believe CEE and Romania will remain an important point on the map in terms of strategic capabilities that different organizations have developed here, such as IT, retail, banking, car manufacturing or the textile industry.

The day to day business challenges of our clients are similar with those of the counterparts in the region: pressure on profitability and cost, changing behaviors of their customers that are asking more and more customized and flexible products and services, the ability to engage a full ecosystem of partners and act as an integrator of services. Last but not least, there's the complex regulatory framework that also affects our clients, i.e. provisioning risks or data privacy or security.

5. How can Accenture help businesses in Romania in times of a slowing economy? Do you have a recipe for success?

A slowing economy is not a dying economy. It can be an opportunity to revisit your business strategy and your operating model and prepare your organization for the future. If we refer to Accenture Romania, we are serving from 6 locations local clients from Financial Services, Communication, Media & Technology, Products and Resources and also international clients from the region or large international groups. Moreover, our clients have two speed levels, one related with their core business and their legacies and one related to the New, to innovation.

While working with our clients to transform their core business, often we observe that the definition of the core was quite extensive, our clients having or not the capacity to execute and perform all the defined business lines with proper KPIs in terms of profitability and ROI. So, speaking about preparation for crisis, this is where our clients should invest in the coming period in order to drive incremental growth and to be able to sustain further investments into the New.

Disruption is a persistent condition—not a short-lived explosion

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Scaling to the New is not an easy task and there's no one-fits-all solution. It is complex, because while you need to operate the company according to some existing processes and legacies, which most of the time account for a big chunk of company revenues stream, we also need to define a "parallel" mini-organization, either within the company or a new one, which can innovate and transform a concept into a new capability to be delivered at scale.

Depending where our clients are in this process, we are working with them in shaping the future from defining a strategy and a roadmap of new capabilities to offer to their end customers to defining a new operating model and a new IT new architecture to allow this multispeed approach.

We advise our clients to progressively bolster and allocate their innovation investments so they can test and turn new ideas into commercial realities faster, so they can rapidly obtain return of investments and continue the cycle of innovation.

6 ■ What is the most valuable lesson you, as Financial Services Lead for Accenture Romania, have learned throughout

2019? Based on this, what will be the best advice you can give to people working with you?

The digital era put a lot of pressure on industries that used to be quite "traditional". On the one hand, we need to keep our core values, our legacy and, on the other hand, we need to reinvent ourselves, to be ready for the next generations, who seem not to look anymore to a bank or to a telecommunication provider but rather to a partner that will be able to offer a full range of services and experiences. We need to be able to function in this two-speed mode, and this is something that I share also with my team: they need to be able to serve our clients both as consultants and innovators.

7 ■ What is the most important aspect businesses should pay attention to in 2020? What are you doing to address it?

Going forward, companies should embrace the power of the change as they can no longer assume that disruption is just a passing storm they need to ride out. Responding to persistent disruption requires a radical departure from familiar strategies.