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# Planning for Digital Disruption



By Patrick Lilwall, Managing Director, INPLEX Management Services

**W**e all seek that lightbulb moment when the idea that will change the world comes to mind. When we hear about a new business model that transforms the landscape; we look for the patterns in how the ideas came to mind, and how to leverage it. In hindsight, the concepts appear simple, and this is usually followed by a response of “why didn’t we think of that?”. This article explores several successful Disruptors and proposes how we approach the strategy and underpinning paradigms as a means to uncovering potential blind spots and planning for disruption.

**Business led IT Strategy:** The need to write good IT Strategy is a constant focus of CIO’s and IT Leaders in their search to support the business to be successful. The clear message is that we start with the customer and the ability to satisfy a need. The ability to write an effective business led IT Strategy is the goal, and good strategy should focus on capability and not technology, as the technology should be a ‘means to an end’. IT Strategy should no longer be considered in isolation from the core business strategy. In this new landscape, they are integral to each other.

**Focus on Capability and Outcomes:** Putting the customer at the centre of planning is a critical element for a successful business model. It doesn’t matter how much we like the proposed solution, what matters is will there be a genuine and sustainable demand for it. The customer will be the end consumer, and as such we need to focus on how our service offering will meet that need. The following model (Figure 1) is designed to focus on the capabilities, and to test how

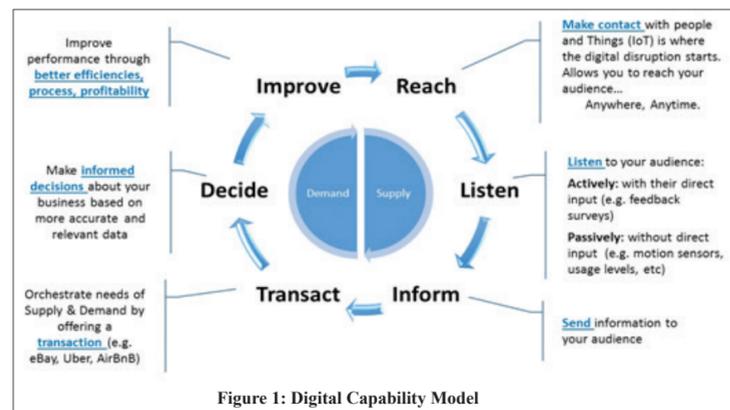


Figure 1: Digital Capability Model

Putting the customer at the centre of planning is a critical element for a successful business model

well the proposed solutions meet the intended outcome. It is by understanding our customers and the WHAT they want, and the HOW they want to consume it, WHERE and WHEN they want, that is key to a successful solution.

**Enablers of Disruption:** Disruption has now been accelerated due to a range of factors that now creates significant opportunity.

**1. Consumerization of IT:** It is the convergence of multiple technologies (e.g. Internet of Things, smartphone’s, and improved connectivity), that now provides a richer set of features that can be leveraged to allow customer to access and consume technologies that is dramatically different.

**2. Accessible Development Technologies:** The development platforms that can be used to leverage these new technologies are more accessible, and can be developed far quicker than the traditional corporate IT development cycles. The emergence of the App world is a great example of this.

**3. Flexible Funding models:** The emergence of crowd sourcing combined with lower entry of points of technology innovation, is enabling new start-ups to enter the market without the previous time intensive capital raising processes.

**Blind Spots and the Paradigm Change:** When we think of digital disruption we can easily refer to examples of Uber, AirBnB, Domino’s, and even going back we could

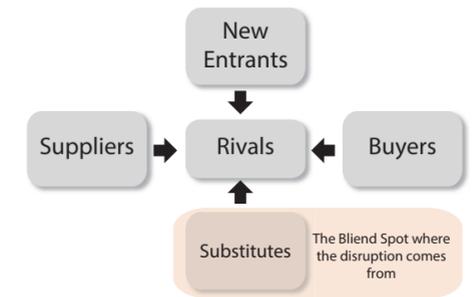


Figure 2: Factor the disruption coming from the Substitutes (referencing the Porter Five Forces model)

cite eBay. When we look at them using the Digital Capability Model in Figure 1, we can see the innovation and the convergence of enabling technologies that made it possible. We know that typical business planning is about meeting or even anticipating business demand. The challenge is to question the assumptions that we make in our planning. Using proven strategic models like the Porter Five Forces model help highlight an interesting pattern. Figure 2 highlights that planning using these models usually focussed business on the rivals and new entrants (usually following a similar business model), but the disruption comes from the Substitutes. When we explore the Disruptors business models, their ‘lightbulb moment’ came from challenging key resource as they relate to consumer and supplier assumptions.

airbnb	UBER	Domino's
Focus: Accommodation	Focus: Lift to a location	Focus: Consumer driven Fast Food
Assumption: Success is based on building bigger/better facilities and advertise.	Assumption: Taxi founded on an expensive licence and a car owned by a company.	Assumption: Domino's model to ensure Digital is part of the company's DNA.
Paradigm broken by:	Paradigm broken by:	Paradigm broken by:
<ol style="list-style-type: none"> <li>that the company needs to own the facilities</li> <li>people prepared to open their homes to complete strangers</li> <li>customers prepared to stay in complete strangers homes (similar to Bed &amp; Breakfast options)</li> </ol>	<ol style="list-style-type: none"> <li>Assuming taxis need to own the company</li> <li>People prepared to use their personal cars</li> <li>Customers prepared to get a lift in someone's personal car</li> </ol>	<ol style="list-style-type: none"> <li>Using technology to inform every customer interaction</li> <li>Leveraged smartphones to allow customers greater choice and information about their order and arrival time</li> <li>leveraging social media to listen and influence customer expectations and feedback</li> </ol>

Figure 3: Disruption that came from questioning the paradigms and underpinning assumptions

**Question the Resource Model:** Exploring the above Disruptors, we see a pattern (refer to Figure 3) where the Substitutes broke the paradigm by making very different assumptions about the way consumers and suppliers would be prepared to operate in a very different business model, and their appetite and the way they view risk and reward. They simply provided the platform and business model that brings Supply and Demand together in a flexible and consumer led way.

In conclusion, it is the ability to truly understand the consumer and provide, or anticipate, a need that provides competitive advantage for business. Equally important, existing business models need to question the paradigms they operate within and look for the source of disruption, especially from the Substitutes, as that is where the disruption is likely to come.



Based in Brisbane, Australia, INPLEX Management Services was founded in 2010, and offers services such as CIO Advisory, Strategy Development & Implementation, Assurance Services, and Learning & Communication Services. ACO