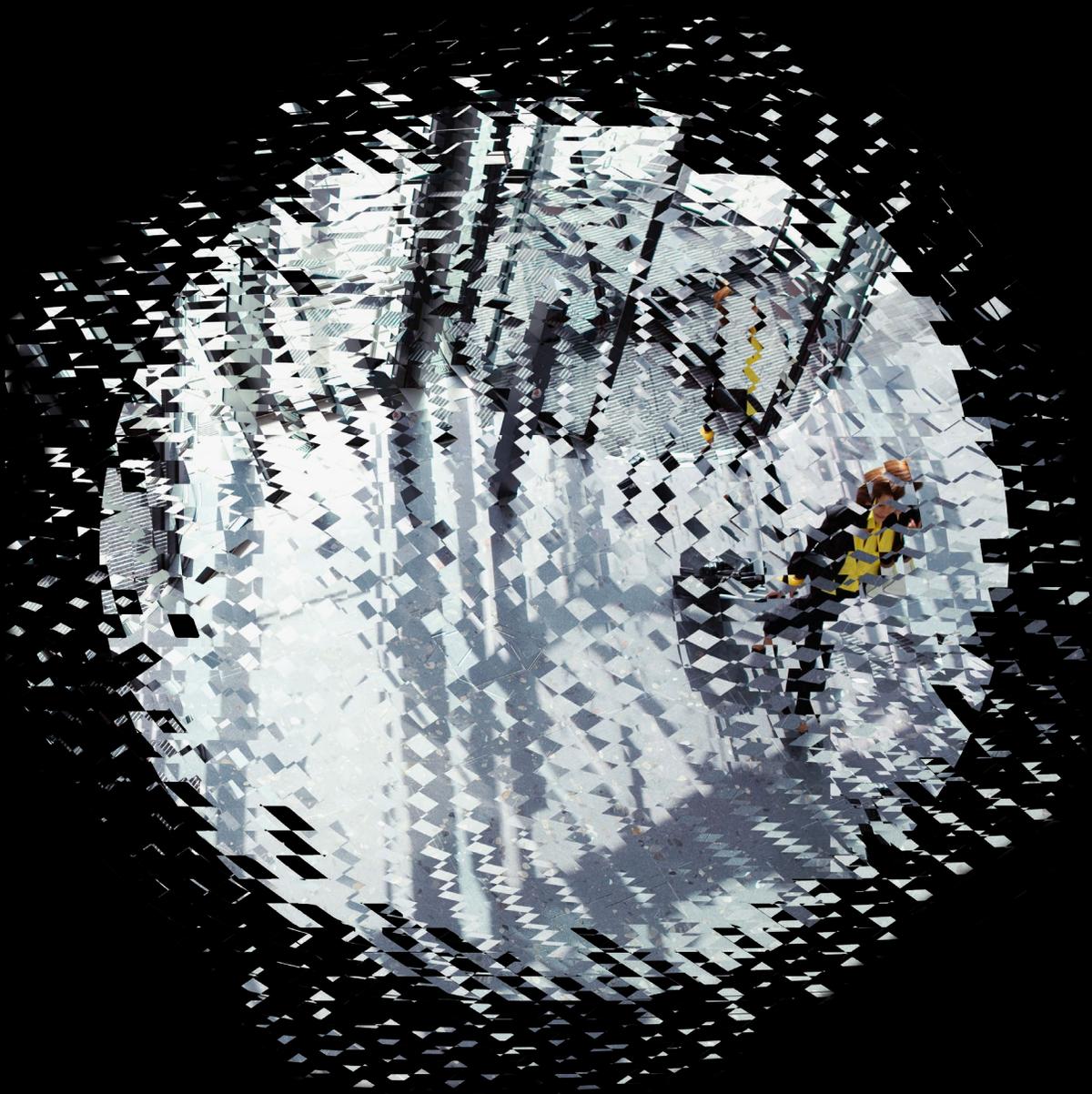


**Deloitte.**



## **Disruption by design**

Taking control of your own destiny in the era of digital disruption



**Disruption  
is the new  
normal  
and it's here  
to stay**





## Disruption by design

### Taking control of your own destiny in the era of digital disruption

Digital disruption is reshaping our world in ways that are unprecedented. Yet many businesses in Canada are still struggling to find the inspiration and motivation to respond with appropriate vigour.

While it's true that almost all Canadian companies are pursuing digital initiatives in one form or another—or at least talking about it—few are embracing digital disruption as a source of competitive advantage. Even fewer are achieving it. And almost none have the vision and courage to pre-empt competitive threats by becoming their own disrupters. Instead, most organizations are still in defence mode, dabbling around the edges of digital technology and innovation, often simply digitizing the old analogue way of doing things.

One major reason for the hesitation to do more is that many companies are more or less satisfied with their current business performance and don't feel an urgent need to change. Especially in ways that might be considered disruptive, transformational, or risky. Another important reason is that the speed, scope, and complexity of digital disruption can feel overwhelming, and many business leaders aren't exactly sure what to do about it. So they put off taking action while waiting for the perfect strategy to reveal itself (or secretly hoping that disruption will somehow give their business a pass).

In particular, many leaders in traditional industries still don't fully appreciate the potential impact that digital disruption could have on their company. Consciously or not, they associate digital disruption with digital businesses and aren't sure it applies to them; it's an uneasy sense of security that's likely to prove false. Just ask anyone who used to work as a taxi driver or a travel agent.

## Disruption by design

The hard truth is that no business is immune to digital disruption. And when it hits, the impact will be breathtaking in both speed and scope. To win the disruption game, or at least avoid becoming a casualty, organizations need to take control of their own digital destiny.

One compelling approach to this is disruption by design. This means doing not only what is necessary to survive digital disruption but also doing it by design: purposefully and actively, following a structured approach to innovation that harnesses the full power of digital breakthroughs and advanced data analytics. In some situations, following a disruption by design approach might lead a company to deliberately disrupt its own business. In other situations, the required course of action may be less dramatic, if no less crucial.

In all cases, however, the key to success is having the foresight and courage to start taking action now rather than holding out for a guaranteed winning strategy, or burying your head in the sand and hoping this whole "digital thing" blows over. At this point, there can be no doubt that digital disruption and exponential change are the new normal, and they're here to stay.

## Strategy in the digital age

In a world moving at the speed of digital, uncertainty is a certainty. Holding out for the perfect strategy is a losing strategy, if only because by the time a company gets it all figured out, it will already be obsolete.

That's why five-year strategic planning has become a relic of the past. Although having a long-term vision or aspiration is more important than ever, strategy processes will now have to be nimble, adaptive, and insight-driven, not a rigid once-a-year activity during which the existing strategies are tweaked and 10 percent is added to last year's goals.

Preparedness and flexibility are more important than prediction. To be effective, a digital strategy needs to be like a guided missile. First, build an agile organization capable of making strategic adjustments on the fly. Then plan and launch the strategy in the right general direction, tweaking the details as things change.

## Being digital

When we talk about digital, it's not just about technology. We're talking about pivoting a business to survive and thrive in an increasingly digital world. Technology is simply an enabler that opens the door to new ways of working and doing business. It is also a valuable source of data, which is quickly becoming the currency of the digital age.

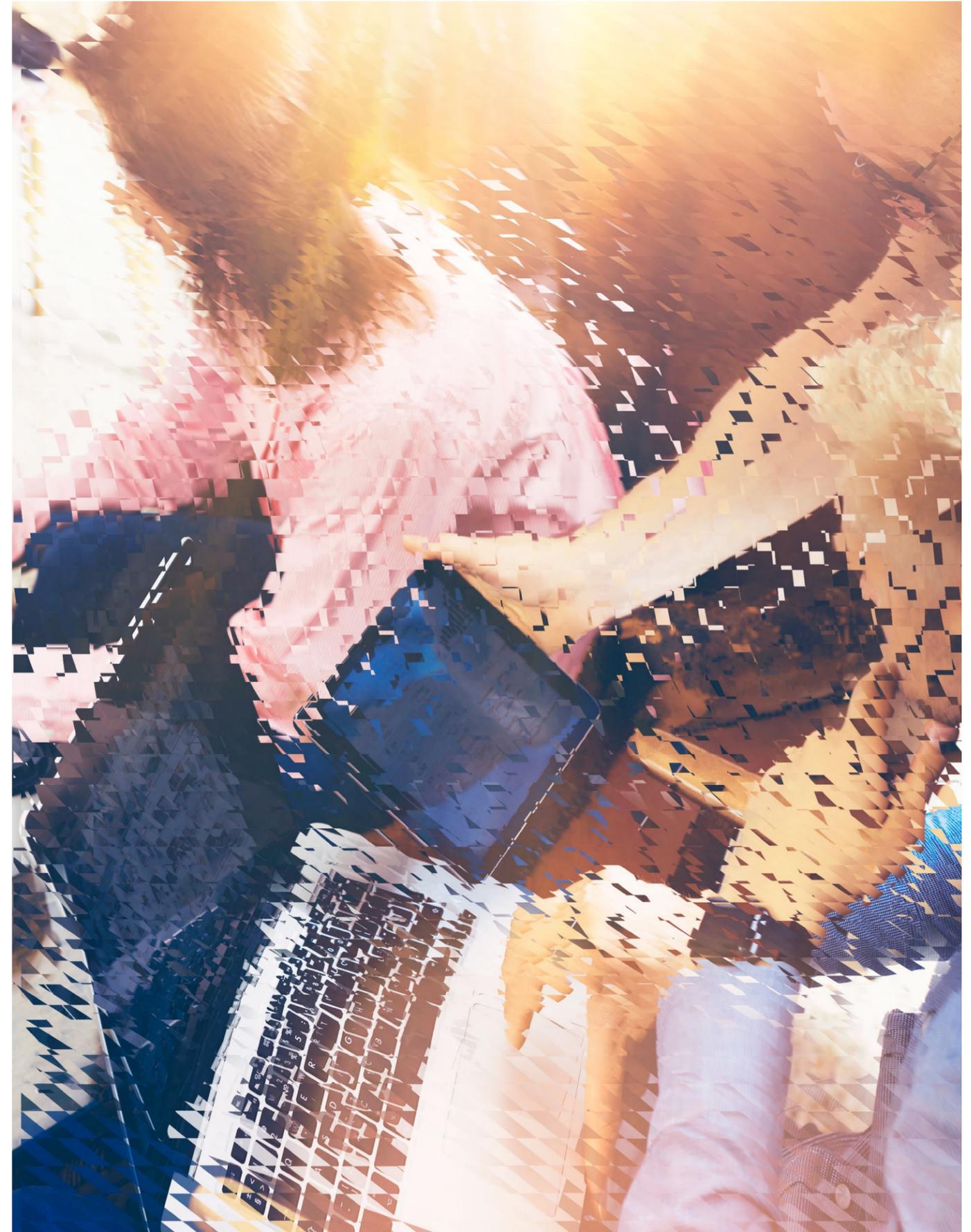
Many companies make the mistake of thinking they already have their digital needs covered because they're busy doing many digital things, such as developing mobile apps, digitizing existing processes, and figuring out how to put social media to work. However, to compete effectively, it's not enough for companies to do digital. They need to be digital, adopting the unique culture, behaviours, and core capabilities that enable a business to excel in a digital world.

A Deloitte study found that the world's leading digital companies have 23 unique traits, ranging from agility and continuously innovating to dynamic skill requirements and constantly changing decision criteria, to name a few. We call these traits digital DNA, and they need to be part of any company's DNA if it wants to succeed in the long term. Click [here](#) to learn more

Even organizations that operate in a traditional industry that doesn't seem possible to become digital are being shaped by digital trends. This has a number of critical implications.

Companies need to operate at digital speed and be willing to take action despite uncertainty. They need to deliver an experience that meets customers' rising expectations, which are subconsciously being set by their day-to-day experiences with the world's best digital businesses. And companies need to view data as a source of competitive advantage, using digital innovations to capture data they couldn't gather or make sense of before and applying the insights derived from it to their strategies and actions in a way that improves their business.

*A customer's last / best digital experience becomes the benchmark by which all others are judged*





*Breakthrough ideas and breakthrough performance are driven by breakthrough insights.*

### Analytical alchemy

In centuries long gone, alchemists dreamed of turning lead into gold. Their dream is finally being realized, in a sense: analytics are turning dormant, raw data into valuable insights more precious than any metal, enabling insight-driven ideas, strategies, and execution that can take a business to the next level. In fact, digital data is rapidly becoming the primary source of competitive advantage, as gold once was. Businesses that can collect or gain privileged access to the right data, and then analyze it in the right way, can run rings around the competition and gain a sustainable edge in the marketplace.

Continuing the guided missile analogy, though, analytics is the built-in intelligence that enables your business to start moving in the right direction, make smart adjustments on the fly, and then hit the target more quickly, with unprecedented accuracy and impact.

As such, analytics is not only a core input to the strategy process but also a core capability that needs to be built into everyday business practices. This would enable a company to become an insight-driven organization that makes smarter decisions at every step, whether it's long-term strategic visioning, designing and marketing products, building relationships with customers, or executing individual transactions in day-to-day operations.

An insight-driven organization also needs the right mix of talent. We call this a **purple** team because it includes people with what we call “red” technical and analytical skills—such as software developers, data architects, data scientists, and information designers—as well as those with “blue” business and leadership skills—change managers, political navigators, subject matter experts, and design thinkers, for example.

### Innovation requires a disciplined approach

In 1901, world-renowned innovator Thomas Edison famously observed that, “genius is one percent inspiration, ninety-nine percent perspiration.” The same basic principle applies today. Although most people think of digital innovation as a flash of inspiration followed by instant success, it is actually the result of hard work and discipline—with a little bit of inspiration and luck to grease the wheels.

A structured approach to innovation starts by identifying unmet needs. Armed with breakthrough insights from digital data and advanced analytics, organizations can identify hidden opportunities and develop breakthrough ideas to capitalize on them.

It's important to understand that innovation is not only about developing new products. Deloitte's innovation practice identified [10 different types of innovation](#) (only available in English) that are all crucial to business success, including profit model innovation, process innovation, and channel innovation. A design philosophy that revolves around a deep understanding of human needs and human behaviour applies to every step of the innovation process, from initial inspiration and solution development to user interface and user experience design, and everything in between.

We see many organizations engaging in “innovation theatre”: flashy marketing and positioning, but no real commitment to the discipline of innovation. Properly structured, innovation helps organizations create more value for their customers through new product offerings and improved customer experiences. It also boosts business performance and profitability by harnessing the power of new exponential technologies such as robotic process automation and artificial intelligence.

In the digital age, innovation is not a one-and-done activity. It's an ongoing process, driven by an action-oriented and adaptive digital culture, a wealth of digital data, and breakthrough insights from advanced analytics. Those key elements can help a company find its next great innovation...and the next...and the next.

### Take control of your digital destiny

Digital success will require the courage to take action despite uncertainty, with no proven playbook to follow and no strategy that's guaranteed to win. It will also require an agile, adaptive organization that can get innovations to market quickly, demonstrate real value early, and turn on a dime in response to feedback and experience.

Winning innovations will stem from a disciplined, structured approach that combines breakthrough insights from digital data and analytics with human-centred design to deliver products, services, and experiences that people don't just use but love.

To achieve these objectives, leaders will need to inspire and be inspired. They'll need to possess the passion and courage to drive disruptive change, the wisdom to know what they don't know, and the humility to seek inspiration and help from others who have been down the road before.

As with most things in life, the first step is the hardest. The key to success is to just get started. Pick an area that seems ripe for digital disruption, and then start disrupting it—by design.

### Other resources for creating an insight-driven organization

[The Key to Delivering Analytics Advantage: Your People](#)—A practical guide to building sustainable analytics capabilities at an accelerated rate.

[Becoming an Insight Driven Organization: A new approach to data analytics](#)—Realize rapid return on your analytics investment by building an Insight Driven Organization (IDO), one step at a time.

[Analytics Trends 2017: Moving up the analytics maturity ladder](#)—Five analytics trends that organizations should track—and consider applying—in the year ahead.

## More to come... Disruption by design case studies

We are developing a series of in-depth case studies that illustrate the power and impact of disruption by design in real-world situations across a variety of industries. For the latest updates, visit our [website](#) or follow us on [social media](#).

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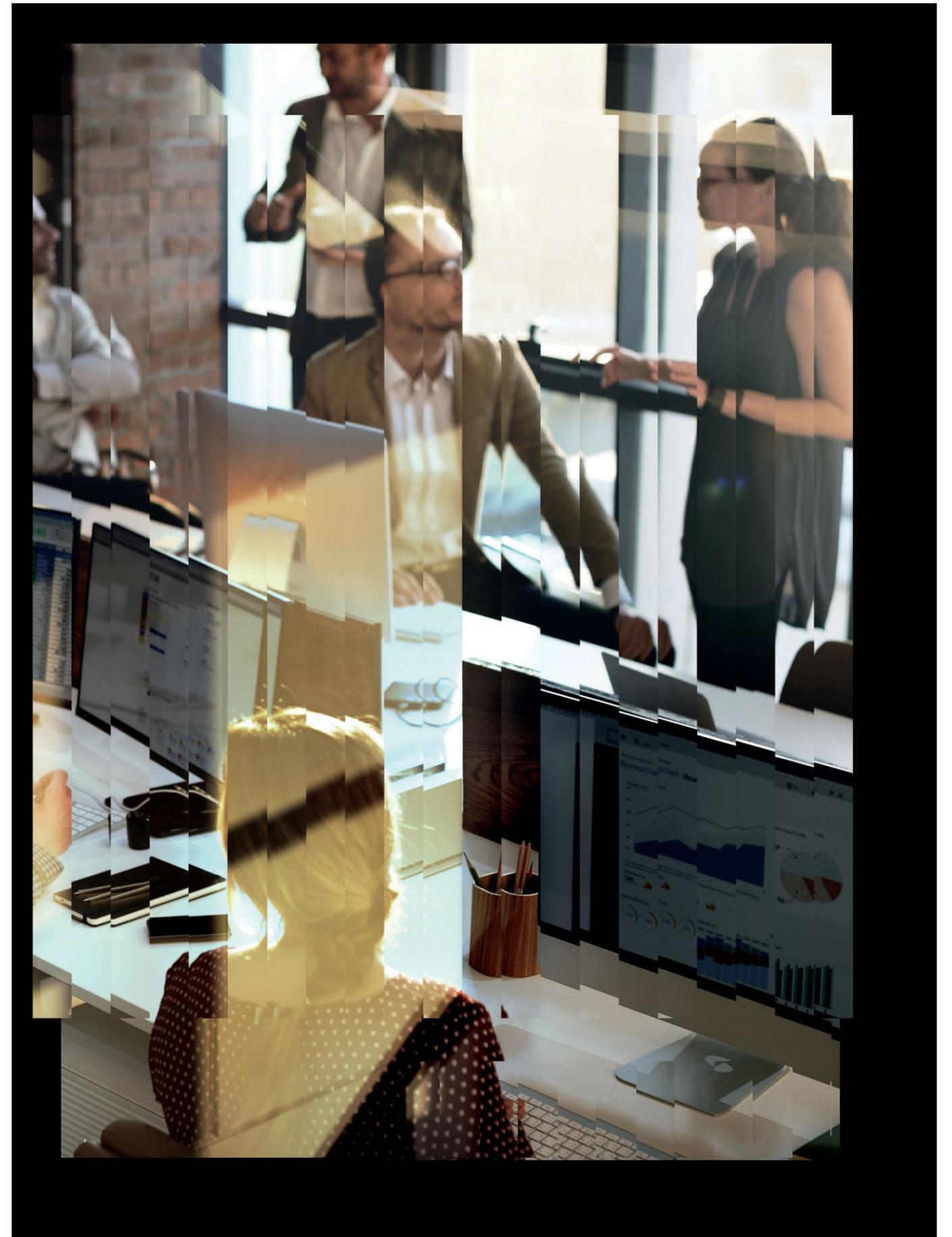
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