



Building a better
working world

Will technology disrupt your business or will you use it to be the disruptor?

EY's Disruption Diligence offering

Technology advancement is growing at an exponential pace, dramatically transforming business models and driving down the cost of goods and services. This has caused disruption across all business sectors, characterised by the average age of an S&P 500 company now being under 20 years, down from 60 years in the 1950s*. Our Disruption Diligence helps assess an organisation's likelihood of being disrupted and how it could potentially transform to become the disruptor.

*Source: Credit Suisse

How we can help

We will provide you with a view on the likelihood that your business will undergo disruption from technology, changing business models and customer behaviours by:

- ▶ Understanding how the products and services you offer today will need to transform in the future to continue generating revenue.
- ▶ Assessing your current capabilities to deliver goods and services and how these will need to transform in the future.
- ▶ Analysing the ability and requirements of your organisation to adapt to change and remain relevant in the future.

What you get

A report with our professional, evidence-based, view on the likelihood of disruption impacting your business, including recommendations for how you could transform to benefit from the opportunities.

Key questions to ask your business

- ▶ What do your clients and customers pay for today and what will they pay for in the future?
- ▶ How do you deliver today and how should you deliver in the future?
- ▶ How well are you set-up for change to respond to disruption and be relevant in the future?

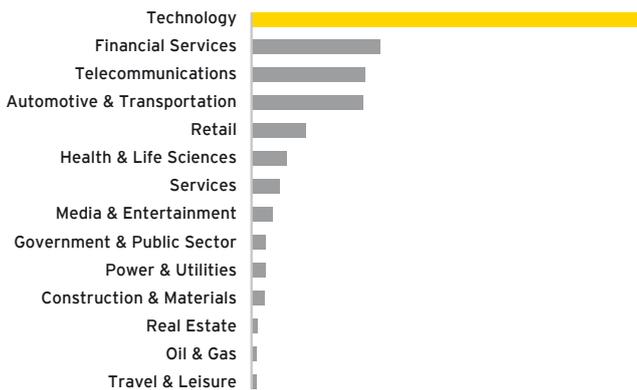


We look at three key components: technology disruption in your industry, your business readiness and the profit & loss (P&L) impacts on your core business processes. By understanding the threats and opportunities from this analysis, we will ascertain the likelihood of disruption and how you can become the disruptor.

Our approach is supported by input from global sector specialists and the proprietary tools we have developed, which include the **EY Disruption Index™** and **EmbrYonic**. Our analysis is underpinned by core corporate finance and business valuation expertise.

Industry disruption

The EY Disruption Index™ provides a real-time view of the relative levels of technological disruption facing various industry sectors. The Index is based on analysis of data from public and proprietary EY sources. This is supplemented by EmbrYonic, which provides real-time insights into relevant M&A activity which can impact your sector. Together, this will provide a quantified view of the threats of disruption in your industry.



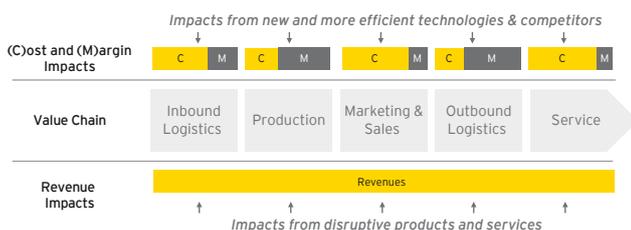
Business readiness

To understand the risks, opportunities and readiness of your business, we look at three key pillars through the lenses of disruption and technology: strategic positioning, operations and culture. Each of these pillars contains a set of questions that we will work with you to answer and generate a qualitative view of the readiness of your business to respond to disruption.



Core business P&L impacts

We will conduct a P&L analysis through the lens of your core business components, i.e., the value chain. A view of new or more efficient technologies and competitors will allow us to understand the impacts on costs and margins. We will also assess for potentially disruptive products and services which could impact total revenues. This will allow us to quantify the overall impact on your value chain.





Our view

We have worked with clients to understand how technology-led disruption is impacting their business. Amongst a number of trends, the following have been prominent:

1

Industries are converging

As technology penetrates deeper into each industry, sector boundaries increasingly become blurred: for example, one of today's largest technology firm started off as a retail bookstore, but now offers cloud storage, media streaming and grocery services.

2

Technologies are converging and integrating

There is no single technology that is driving change – instead we are seeing waves of technology converge and integrate to amplify the impacts of disruption: e.g., autonomous vehicles are a convergence of artificial intelligence, internet of things and high speed networks and computing, underscored by a potential ownership model driven by blockchain.

3

Businesses need to respond faster

The traditional timelines for businesses to offer new propositions have reduced dramatically and the approach often requires iteration and testing with the market, failing fast where necessary, refining and continually enhancing. This is a new paradigm for business agility.

4

Value chains are being disintermediated and aggregated

While it may no longer be viable for businesses to own all areas of the value chain, especially if an intermediary can deliver better efficiency, there is a paradox in that the largest global organisations are moving to own (or remove) components of the value chain.

5

Data is the bartering currency

The most successful businesses are the ones that can collect and analyse data to enhance, personalise and differentiate their propositions. Businesses are prepared to make losses on services in exchange for collection of data and promise of future profits.

Our differentiators

A professional view

EY is a globally trusted brand, providing independent and robust analysis, with a track record for delivering professional opinions to organisation and government leaders. We apply Disruption Diligence to our own firm.

Powerful intellectual property

We are able to utilise innovative tools and methodologies, such as the EY Disruption Index™ and EmbrYonic.

Global sector specialists

Our global breadth, coupled with our depth of sector experience and knowledge, means we can bring a significant level of insight to our analysis.

Some of our recent work

Augmented Reality business's ability to disrupt established technology firms



The client, a PE firm, was looking to invest in an augmented reality (AR) business and wanted to understand their ability to disrupt incumbents.

We looked at the prominence of AR across sectors to build a picture of the demand for AR. We also looked at the trends in growth of daily and monthly average users to quantify this demand. For the AR business under consideration, we assessed the technology roadmap and uniqueness around the underlying deep learning engine to see if it was differentiated from what incumbents were offering. We also looked at the organisational and governance structure to see if it was optimised for growth. Our opinion gave the client confidence to invest in the AR business.

Advertising agency disruption exposure



An advertising agency was the focus of our work to assess the likelihood of technology disruption. The advertising industry has become increasingly digitised and empowered by technologies such as artificial intelligence (AI) to create personalised adverts. By analysing such trends, we looked at specific threats of disruption to the agency, identifying parts of the business that were most exposed and how they could respond to maintain future market share.

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