

Embracing the Wise Pivot: Transform the Core Business and Invest in Business Growth.

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We are fully immersed into the world of digital disruption where technology-led innovations are creating enormous potential in every industry. To convert that potential into value, companies need to put innovation to work, at the right pace and in the right place.

The exponential declining costs of advanced technologies (i.e. cloud storage and computing, global bandwidth, 3d printing, drones, electric vehicle battery packs, etc.) present an abundance of value opportunities, and accelerate the pace that traditional business models and industries are being disrupted (from retail to financial services to automotive).

Setting the Compass Towards Digitalization

The need for organizations to set their North Star and embark on a digital transformation journey is no longer under question. The gap to be abridged is *how* to deliver the expected returns from it, as many are unable to do so. In fact, a recent global research by Accenture concluded that the return on companies' innovation spending has declined by 27% over the past five years. The good news however, is that there is a group of companies (14% globally, and 11% in the Middle East) that are turning innovation investments into value with success. On the other hand, the research also found that 63% of the largest corporations in the Middle East are 'omni-trapped', as they have underperformed innovation leaders in the past (2012-2017) and will continue to underperform them in the coming years.

Resisting the Release of Trapped Value

It is not surprising that there is a low amount of companies that are successful at releasing trapped value. Most incumbents understandably focus their energies and resources on the core business that generates most of their income and profits. These companies have typically reached the top of the "S curve," when growth moderates—and, unfortunately, when trapped value accumulates. The research concludes that the threats from this disruption to Middle Eastern businesses is estimated to cost up to \$442 million in lost enterprise value.

So, what's the secret?

So, what are these high-growth companies doing that others aren't? High-growth companies adopt a distinct approach to innovation that helps them turn innovation investments into value. And, through proper implementation at scale, companies can generate new ideas; thus, enabling them to unlock trapped value.

The approach advocated by their C-suite is:

- 1) **CHANGE-ORIENTED:** Have the courage to apply innovation with greater intensity to reinvent existing ways of working, and thus achieve deep organizational change.
- 2) **OUTCOME-LED:** Foster innovation efforts across the business and have the discipline to tie them rigorously to financial performance.
- 3) **DISRUPTION-MINDED:** Commit to invest more aggressively, over time, in truly disruptive innovation initiatives that have the potential to create entirely new markets.

Today, to position themselves to manage disruption, companies need to execute a wise “pivot” to new opportunities decisively and sustainably —a three-part program to accelerate the company’s digital transformation and grow “the new,” while protecting and nurturing the core business, too. To make a successful pivot, organizations also need to make innovation part of the company’s DNA. They do this by building innovation processes and adopting practices that lead to organizational change across the enterprise, enabling them to unlock trapped value.

About the author



Xavier Anglada, managing director and Accenture Digital lead, Middle East and Turkey

Xavier is committed to transforming businesses digitally, he has over 23 years of combined strategy consulting and operational experience in the Digital, FinTech, high-tech, media and telecommunications industries in Europe, Asia, Africa and the Middle East. He has lead large teams of professionals and effectively steered P&L, both from start-ups to multi-national corporations.

Xavier has extensive experience as an advisor to top executives of leading groups and governments across multiple domains including: corporate and commercial strategy, business and operational transformation, analytics and organizational development. Prior to joining Accenture, Xavier was the CEO of International Operations in Cash Credit, an innovative FinTech player in the lending space, leading the company expansion from Eastern Europe to the Middle East, Far East and Africa. Before he was Partner and Group COO of Delta Partners Group, and had senior roles in Oliver Wyman, Ono and Hewlett-Packard.

At Accenture, Xavier leads the overall Expo 2020 Digital experience programme. He is also rolling out an Artificial Intelligence programme for the largest Islamic bank in the region and transforming the largest retail bank in the region into a data-driven enterprise. Xavier leads Accenture’s Innovation Programme in the region and has featured as a keynote speaker in leading conferences on the topics of Digital Transformation, Blockchain, Innovation and Insurtech in multiple countries.

Xavier holds an MBA from ESADE in Barcelona and MSc in Electrical Engineering and BSc in Telecommunications from La Salle Engineering in Barcelona. Xavier has lived on 4 continents and led assignments in over 30 countries.