

# Protecting and enhancing organisational value in the VUCA era



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A hand is shown in the foreground, pointing upwards with the index finger. The background is a dark blue gradient with several light blue, rounded square icons of varying sizes, some of which are blurred, suggesting a digital or technological theme. A semi-transparent white banner is overlaid across the middle of the image, containing the main text.

**Humanity will change more in the next 20 years than in all of human history**

*We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten...Don't let yourself be lulled into inaction.*

**– Bill Gates**



A perfect storm is brewing ... creating new value and disruption ...

## Perfect Storm of Digital, Data and Devices ...



The largest taxi company has no taxis

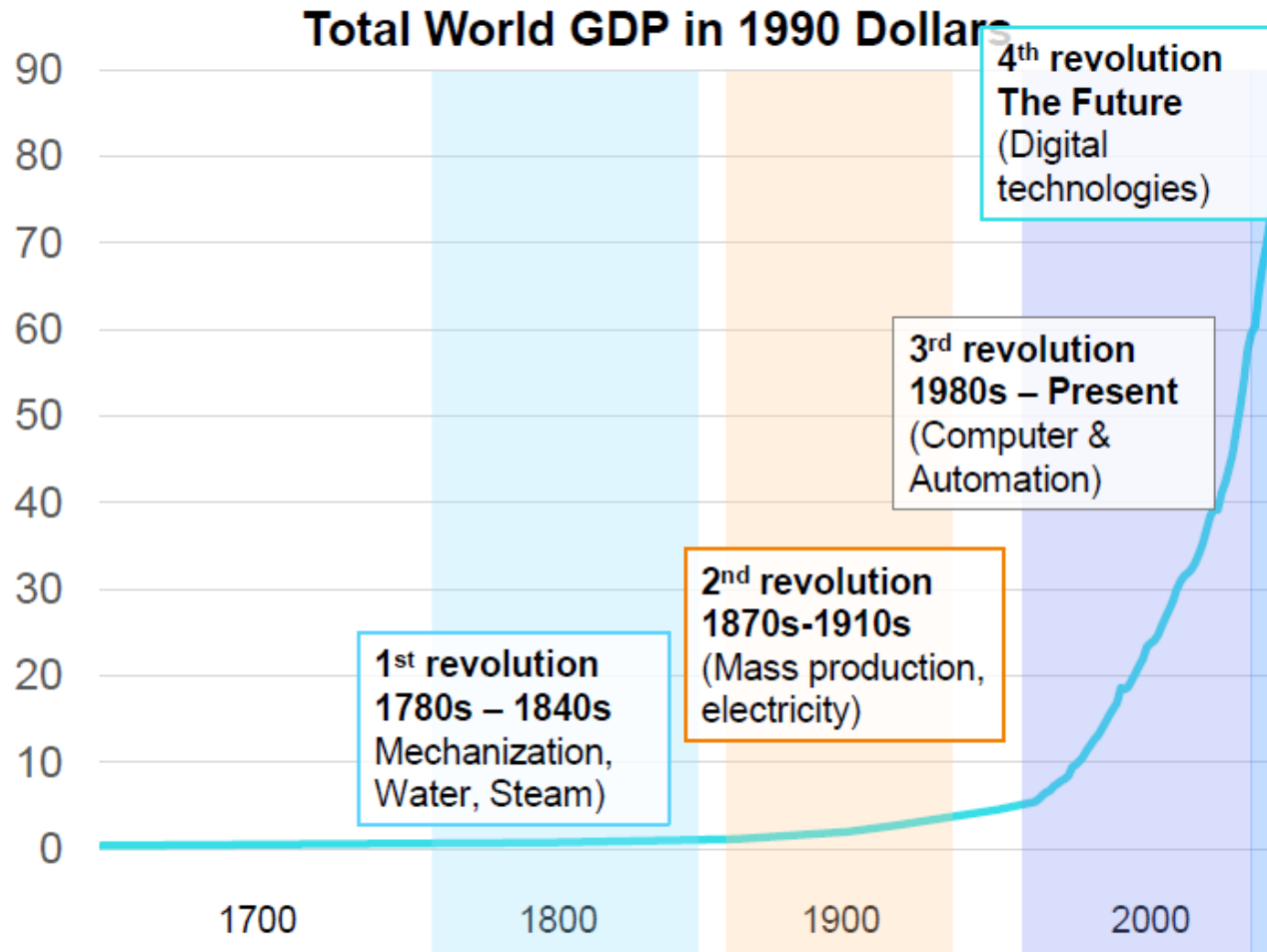
The largest hotel company has no rooms

The largest distribution company has no inventory

The largest movie company has no content

# The world is experiencing accelerated change

Dramatic GDP growth driven by 4 industrial revolutions, USD trillion



Since  
1700s

Today

**4 core  
technologies driving  
digital revolution**



Mobile internet



Cloud  
Technology



Internet of  
Things



Big data &  
advanced  
analytics

Note: 1600-1950 data is based on Maddison, Angus and 1950 to 2016 data is based on Total Economy Database.  
Both based on 1990 Geary Khamis PPP dollars

SOURCE: Maddison, Angus. 2007. Contours of the World Economy, 1–2030 AD. Oxford, UK: Oxford University Press, Total Economy Database

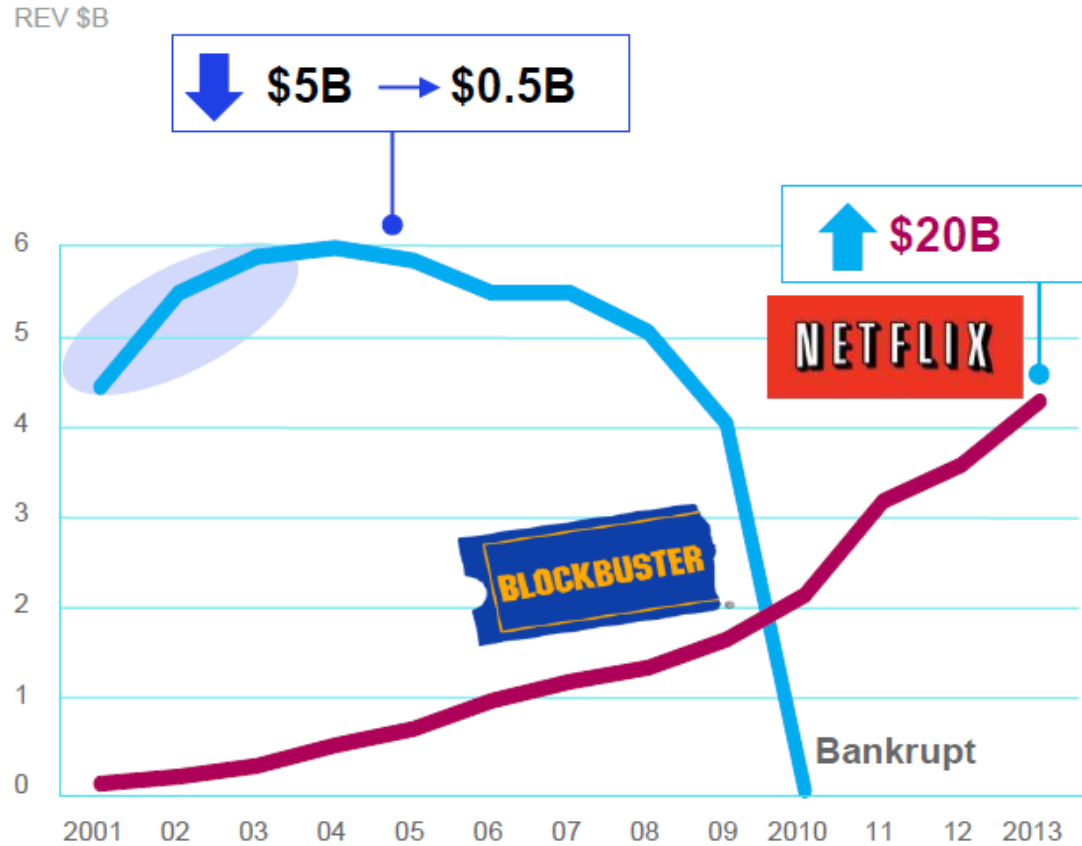
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# Ignoring digital can have dramatic impact

## Video

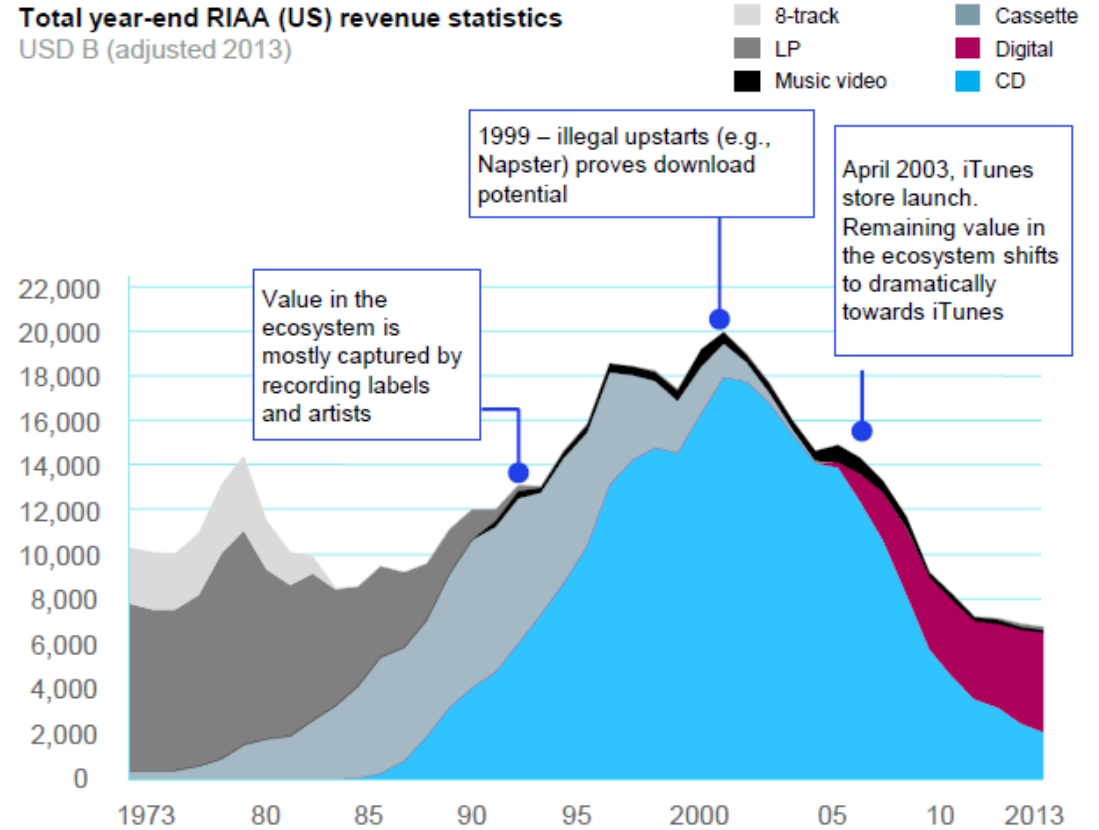
### Blockbuster vs Netflix



## Music

### MP3 and file sharing technology shifted value pools in the music industry

Total year-end RIAA (US) revenue statistics  
USD B (adjusted 2013)



## Case example: Fujifilm vs. Kodak



Contrary to what many people believe, Kodak did not fail because it missed the digital age. It actually invented the 1<sup>st</sup> digital camera in 1975 before its competitors.

However, instead of marketing its new technology, the company held back for fear of hurting its lucrative film business, even after digital products were clearly reshaping the industry.

# FUJIFILM

Fuji's response was to leverage its core competences to enter new businesses such as ink-jet printers and consumables, LCD display film, and diversify into new areas such as cosmetics and pharma.

This strategy paid off and Fujifilm is now a poster child case study for how incumbents can rejuvenate by embracing disruption



# Sharing Experience

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# Disruptive technology to watch out for

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- Blockchain
- Big data and predictive analysis
- Machine learning
- Mobile internet and augmented reality
- Fintech revolution
- IoT
- O2O
- Autonomous vehicle
- 3d printing
- Renewable energy. Battery enhancement





# How are organisations responding?

- Setting up accelerators and incubators.
- Partnering with start-up.
- Focusing on the 'job to be done'.
- Leverage core strength and finding adjacent market with 'right to win'.
- Think Big. Act Small. Fail Fast.
- Investing in big data and analytic.



## How should internal audit respond?

- Understand business strategy and be pro-active to provide risk and control advise.
- Be a partner. Organisations need to respond quicker with more uncertainty. Internal audit need to help build and protect values.
- Pay strong attention to new/changed product/service offering. Focus on how to support business in a VUCA environment.
- Help build the right organisational culture.



# Internal audit have to leverage technology

- Vouching will be obsolete in a few years.
- Traditional auditing can be easily automated.
- Continuous audit and predictive analysis will be critical in the future.
- GRC implementation will be increasingly important as organisations get larger and more complex. However difficult to execute effectively without the right tool.

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*Thank you*

