FUTURE PROOFING

WHAT IS IT?

Future proofing is a strategic process that anticipates the future and develops methods to effectively respond to new technologies, behaviours, regulatory, legal and any other changes that may arise.

HOW DO YOU DETERMINE THE FUTURE STATE?

Depending upon your industry, there will already be clear signs of what is to come. The goal of future proofing is to assess what's possible, estimate what is probable, while understanding that the improbable may also occur.

Triggers change constantly therefore it's impossible to assemble a fixed list of trends that need to be considered. Keeping an eye on trends is a key element of future proofing.

Some trends that are currently top of mind include:

THE HAVES AND THE HAVE NOTS

There is an increasing gap in wealth and technology that permeates large sections of the population.

INTERGENERATIONAL CHANGE

The world has an aging population of the **Silent Generation** and **Baby Boomers**, **Gen X** is caught in the middle of **Millennials** that will make up 75% of the global workforce by 2025*, and **Gen Z** being the most connected, educated generation ever.

THE CHANGING NATURE OF WORK

More jobs are becoming freelance and contract. There is a move towards new careers, across many industries and companies. Long-term, job-for-life is no longer the status quo.

CLIMATE CHANGE

It will affect jobs, industries and business. It already is driving different investment decisions for individuals and funds seeking to invest in companies that have minimal effect on driving climate change.

NEW REALITIES

Augmented and virtual reality systems are becoming increasingly sophisticated and are in the early stage of adoption.

THE RISE OF VOICE USER INTERFACES

We are increasingly speaking to devices to do tasks for us. On average, most people can speak 140 words a minute, yet can only type 40.**

HYPER CONNECTIVITY

Everything is connected to the internet - phones, eye glasses, refrigerators, light switches, cars, juice machines – it's the Internet of Things (IoT) age.

MACHINES TO AUTOMATE

Automation, algorithms and technology can perform tasks that were once jobs for humans. Jobs with predictable requirements such as welding, food preparation, auditing, basic legal advice, data processing are likely to be automated.

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HOW TO IDENTIFY THE POTENTIAL FOR DISRUPTION

Much of what is currently viewed as disruption to industries are really improvements. Some may be innovations but, the real disruption will be what is coming just over the horizon.

While changes occurring now in the market are challenging, they are only the start of bigger disruptions to come. Disruption is occurring at two levels:

1 Disruption *within* industry

Some of the fundamental players are under threat with new services being offered in new, innovative ways.

Example: Taxis & Uber

> Taxis created apps to allow riders to call for taxis

> Uber created an app that allows anyone to be a driver

> The result is disruption to the industry incumbents yet, it's the same people who were riders and, in some instances, drivers

> Ultimately, a car still turns up to take someone where they want to go

> It's the same jobs, same technology just different interaction point

2 Disruption *of* your industry

This is where an industry, as it is currently understood, stands to be altered.

Example: Driverless cars

> You don't need people to do anything other than be passengers

> This dramatically changes the industry, its jobs, services, products and the technologies needed to make this future state operate

Example: Advanced, Interconnected Virtual Reality

> People will need to travel less, if they can meet effectively in virtual reality

> This negates the need for cars, apps, riders and passengers, changing the whole industry

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While disruption *within* an industry should never be overlooked, it is disruption *of* an industry that is the greatest threat to an organisation, yet also the greatest opportunity.

For large organisations that focus on the products currently provided, disruption of an industry is harder to detect. Only by understanding evolving customer satisfaction and intentions, will it become clear that the company may be disrupted.

For example, when a bank is looking for potential disruptions, it may consider new financial products and services that include digital on-boarding, mobile payments or, peer-2-peer lending. This lens views the potential disruptors as other financial service providers or, FinTech startups. This is disruption *within* the industry.

However, beyond this, disruption of the entire financial services industry could occur by changing the way individuals obtain goods, acquire or 'own' assets and, generate or transfer wealth.

This may be done via closed loop payment and benefit systems that organisations, outside of a bank's traditional competitors may provide. This is disruption *of* the industry.

Imagine what would happen if organisations no longer paid salaries, instead it gave employees all the services they need in-kind and, access to assets from a common pool?

Putting aside tax implications under the current regulations, how much would an individual accept for the benefit they receive? Would it be less than the amount expended under the current salary-based system?

A question to be asked, in this environment, would a 20-year-old in Sydney rather receive $10,000 pa in their salary or, access to a BMW each weekend?

Perhaps BMW, or Hertz, or Uber, or Google could quickly provide a product?

How would that effect banks? What could a bank, with its funds, systems and skills do to tap into that insight?

Thinking and exploring beyond the current known realm of market, products and services is the only way to identify the potential for disruption of an industry.

CURRENT vs **NEW**
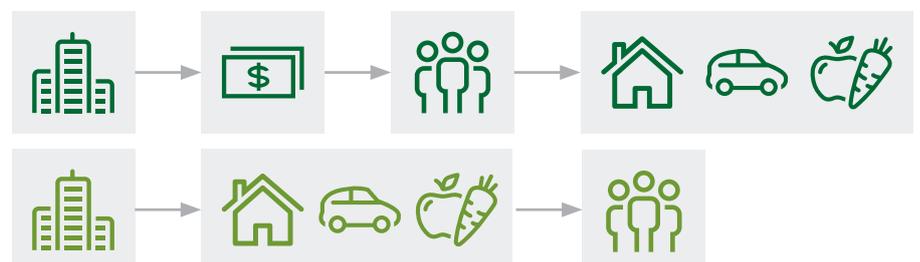
HOW DO YOU MAKE IT HAPPEN?

There is a perception that only small, nimble startups can be disruptive. And, while there is no doubt some will be, all companies can learn and adapt from how startups begin and behave.

While any industry can be disrupted, it should not be forgotten that all enterprises are capable of being disruptors. Enterprises have:

> A deep understanding of a market

> Access to funding that startups do not

> Experts working within the organisation

> The ability to invest in external, expert services, products and technology

SOME OF WHAT IS NEEDED TO FUTURE PROOF THE ORGANISATION EXISTS WITHIN EVERY LARGE ENTERPRISE.
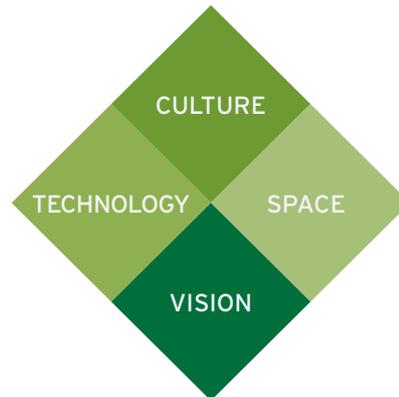

Quadrants of Organisational Change, Edgelabs

The most common missing component is the need for organisational mindset change – one that creates a culture that runs toward the challenges that are bearing down and, creates a

transformation framework that embraces the opportunities ahead.

When an enterprise has the vision to be a disruptor and embarks upon creating a future proof organisation, it is a force to be reckoned with.

Finding and investing in the right technologies and services, is a core strength of most enterprises. Future proofing strategies will require investment in:

> new services (Eg. Innovation Consulting, Corporate Mindset change programs),

> new processes (Eg. Digitisation of manual processes)

> new technology (Eg. Internet of Things, APIs)

> new skills (Eg. Innovative product design, Customer Experience, Voice interface designers)
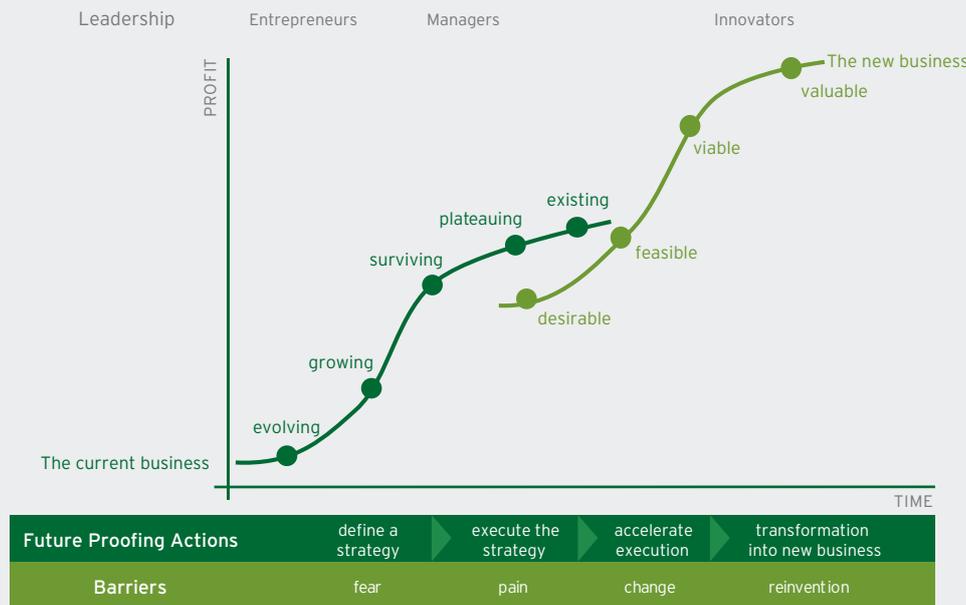
Future Proofing Transformation, Edgelabs

The goal of future proofing is to allow the current business to continue to operate successfully as it funds the investigation and design of what the future business will become.

A strategic approach to transformation in the face of disruption enables this to occur.

For more insights visit

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