



With over 20 years of Consulting, Technology and Business Services experience, Patrick leads Capita's newly formed Consulting Division. Patrick was recently the lead for IBM's Cognitive Process Services business across North America. Previously he was the Chief Operating Officer for Capco's Consulting business in New York.

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Patrick Gormley
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Disrupt or Die:

Why Standing Still is not an Option

Not so long ago the senior executives we work with would routinely question whether digital disruption was relevant to their businesses. The stock opinion was that this was something for other people to worry about. The new generation of start-ups – the emerging technology-based, customer-obsessed companies – weren't viewed as a real threat to the main businesses of the established corporate giants. They didn't have the scale and reach to compete. This was a bubble. They were in denial.

The boards and c-suites we work with today rank the threat of disruption by new entrants at the top of their list of concerns keeping them awake at night. Whether it's in banking, insurance, energy, telecoms, retail or any other industry, the threat is the same. The public sector has also woken up. The speed and agility of emerging challengers, their ability to redefine the bases of competition, and their confidence to do so using radical new business models, is wiping out many established 20th century businesses. The average lifespan of a S&P 500 company has nose-dived from over 60 years to **18 years** and falling.

In an environment where the expectations of customers (whether B2C or B2B) are increasing at an alarming rate and new consumer technologies are adopted **faster** than ever, many incumbent legacy businesses are struggling to find the capacity and capability within their organisations to keep up. The gap between expectations and reality is growing wider over time.

The new normal is one where the economics of business have fundamentally changed – previous barriers to entry such as scale, proprietary technology and brand heritage are no longer the huge advantages they once were. In fact, in some cases they are the very things that trap incumbents, reducing their ability to make the decisions needed to survive and inhibiting action from leaders frozen in the headlights.

Incumbent businesses need to respond by changing the way they think and operate. Traditional methods are not going to close the gap. Most executives now get the need to innovate at the front end of their businesses – improving customer experience, designing better user interfaces, developing prototypes. In many ways these have become hygiene factors, helping big businesses to maintain parity with the challengers. However, they are less fluent when it comes to thinking about truly disruptive innovation, preferring the safety of incrementalism.

When we talk about true innovation we don't limit our thinking to the front end experience or back end infrastructure. Whilst tinkering at the edges may deliver marginal improvements, companies that are serious about remaining competitive need to think radically. Incumbent businesses need to be bold and reconsider the art of the possible by re-envisioning what value means for customers, re-engineering their operating models and reinvigorating their organisations. This might mean actively cannibalising the same successful model that got them to where they are today.

Agility, partnerships and the ability to establish and run platform-orientated businesses are just some of essential ingredients necessary for competing in the 21st century. When it comes to closing the gap between expectations and reality, innovation is not optional – it's essential for survival.