

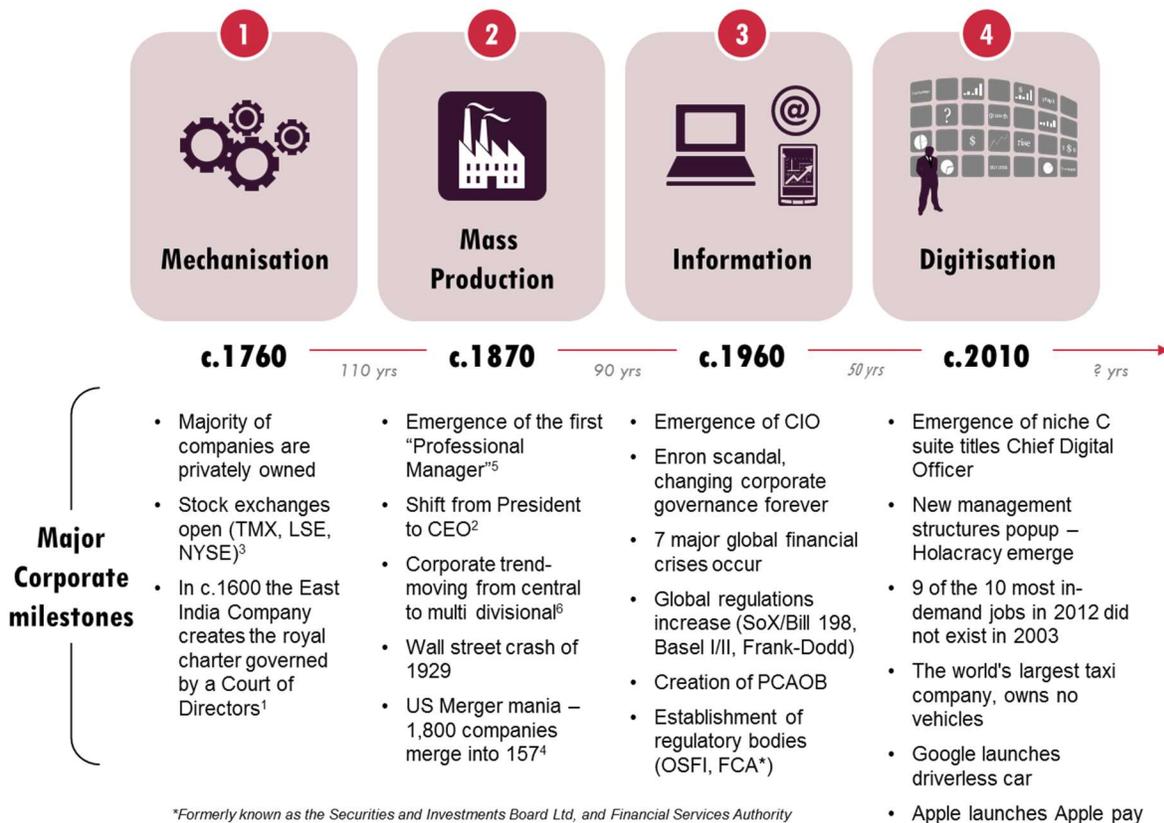
What if...traditional industrial boundaries dissolved?

For two hundred years or so, companies have grouped themselves into industry segments. Management literature has expounded focusing on your core competence and conglomerates are largely out of fashion. However, as the digitization trend takes hold, it seems having technology as your core competence will allow you to enter any industry, effectively eliminating traditional boundaries and leading to the next industrial revolution. One that will force all companies to develop a new core competence.

According to Charles Schwab at this year's World Economic Forum (WEF), the next industrial revolution is upon us, Industry 4.0. Demonstrated, he believes, by three indicators:

- Exponential growth resultant from digitization
- All information is being encoded into computers and their kin as a matter of modernization
- Technologies can be combined to produce new innovations, the combinatorial possibilities are virtually an infinite

Broadly, there is recognition that a 4th industrial revolution has arrived. Historically the adoption and exploitation of a new revolution took years, however it is accelerating. Each industrial revolution is happening more quickly, creating an additional threat, the pace of change, one that technology companies have an advantage over other corporations as the tech industry is predicated on an accelerated pace of change.



Industry 4.0 may dissolve traditional industry boundaries. Many established industries, whether financial or auto, will see the likes of Google, Amazon and Apple as a threat, due to their competence with technology.

“When the rate of change outside an organisation is greater than the rate of change inside, the end is near...”

Jeff Immelt, GE 2016

GE is once again reinventing itself under CEO Jeff Immelt, with the aim to be one of the 10 biggest software companies by 2020⁷. Do you know what digital innovation is going to open your industry to technologist? Are you investigating the threat of digital competition or are you still focused on what your traditional competition is doing?

Implications to Business Leaders

- It is imperative that your strategic planning includes assessing implications of industry 4.0, the threats and the opportunities.
- Your operating model may not be fit for purpose to meet your strategic goals:
 - Is our organisational structure effective and fit for purpose?
 - Does our C-suite reflect those needs and shifting boundaries?
 - How are we developing technology as a core competence?
- Does the board’s composition and capability reflect an understanding of the digital revolution?
 - Will you lead in your industry in applying digital technologies or will you wait and react when the competition becomes digital?

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