

How to capitalize on the power of technology as a driver of growth (PART 2)



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Entrepreneurial businesses are investing in new digital capabilities as they navigate an era of uncertainty and volatility.

(CONTINUED FROM PREVIOUS EDITION)

Ecosystem participation

As ecosystem adoption continues at pace across industries, there is more investment in making ecosystems a success by overcoming key technology challenges.

CEO Imperative

91%

of CEOs surveyed agree that ecosystems have increased resilience of their business

Overall, 91% of CEOs surveyed by EY teams for The CEO Imperative: How mastering ecosystems transforms performance agree that ecosystems have increased the resilience of their business. Nevertheless, critical challenges such as data integration, interoperability, and having a common cloud platform and cybersecurity for the whole ecosystem, require additional technology investments.

Aleph, a digital advertising enabler headquartered in Argentina and the United Arab Emirates, has demonstrated the power of technology in ecosystems by basing its entire business model around its own ecosystem. Through its "localized tech solutions", Aleph connects thousands of advertisers across more than 90 countries, especially developing countries. Media platforms like Facebook, Instagram, and Twitter offer these advertisers a reach of three billion consumers. At the same time, Aleph enables its media partners to get access to advertising spend in countries that are harder to reach. Hence, Aleph's technology infrastructure includes advertising campaign solutions, self-build online store services and cross-border credit and payment solutions, which form the bridge between entrepreneurs in underserved markets, global media partners and their large consumer base.

Business model disruption

More and more entrepreneurs are looking at how they can use technology to disrupt their existing business models and enable new ones, in an attempt to pursue further growth and be the first mover that potentially disrupts their

whole industry model. As such, century-old, US-based spice company McCormick used an analytical platform to disrupt the spice industry. Faced with industry-wide saturation, McCormick combined its strength in creating world-class spices with big data and analytics to create a unique, digital recipe platform that understands customer tastes and suggests personalized recipes. This investment led to a 5% jump in sales within days after launch - an extremely high figure for a mature product category such as spices.

3. Enhanced cyber security and technology risk management

Cyber threats are a constant and ever-growing challenge for companies, especially since the rise of remote working has created new platforms and processes for attackers to exploit. The importance of cybersecurity has been heightened by entrepreneurial businesses' desire to gather and capitalize on data as "the new gold", as well as stricter regulations around data management. In fact, the EY CEO Outlook Pulse ranked cybersecurity risk as the greatest risk to business after supply chain disruption, geopolitical tensions, climate change and inflation, bringing cybersecurity into the boardrooms of many private enterprises.

To combat cyber risk, private enterprises have prioritized their focus on the security and protection of data and digital assets, as well as other technological drivers of business growth. They are looking at how data is accessed and shared, both within and outside the organization, to ensure that it meets data privacy regulations. And they are investing in cybersecurity expertise, whether that's building their own internal team or bringing in external talent from a specialist provider.

From a risk management perspective, and to support mid- to long-term security, private enterprises are focused on how they can enhance a security culture across the entire business. This includes setting the right tone at the top in terms of management accountability, embedding cybersecurity as a critical

component of the company's overall risk management strategy, investing in state-of-the-art security architecture, and defining procedures to limit the impact of a security breach. In addition, private enterprises are prioritizing a systematic technology risk analysis across people, processes, systems and organizational design so that they can implement an 'active defense' approach.

More and more companies are deliberately breaching their own IT systems to try to identify weaknesses and improve overall technology risk management. One example is Tesla, a company which invited hackers to try to breach the security of its vehicles in return for monetary awards. Once breaches are identified, the cars receive automatic security fixes where needed. The vehicle maker benefits from being able to avoid expensive recalls and negative publicity, and customer confidence and trust in its products is enhanced.

4. Build the right digital capabilities and skill set

Another key priority for private enterprises is to strengthen their digital capabilities by recruiting new talent and equip existing employees with the skill sets they need to use new technology in ways that foster growth and innovation.

EY CEO Outlook Pulse

65%

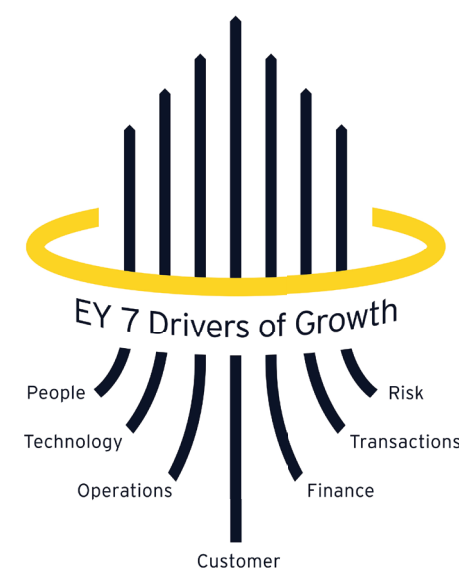
of private enterprises are retraining and upskilling their workforce to help them work with new technologies

The EY CEO Outlook survey found that 65% of private enterprises are retraining and upskilling their workforce to help them work with new technologies. Furthermore, over half (60%) are focusing their investment on innovation and R&D as they look to adopt and deploy new technologies in an agile way. For example, UK-based company Open Bionics, which produces prosthetic arms for amputees, has used design thinking and 3D printing to create artificial limbs that are attractive to children - the so-called "Hero arm". From speaking to parents,

it found that young amputees were put off using artificial limbs because of the peer bullying and stigma they faced. The cost and weight of the prosthetics were also causes for concern. To solve these problems, the company developed a 3D-printed arm that is visually attractive, functional, lightweight and 50% cheaper than similar products.

(CONTINUED IN NEXT EDITION)

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