

# Business at the speed of thought: Accelerating value creation

# Overview and Key Findings

Business is speeding up in every way as the information economy accelerates into the next phase of the industrial revolution. Immense disruption and continuous innovation—driven by constant connectivity, exponential increases in data, access to massive computational power, and even human-machine interaction—are redefining strategy and upending industries around the world.

In this new era, businesses face constant pressure to stay ahead of the curve—and the pace of change is getting faster. To understand how companies are responding to these new pressures in the marketplace, Oxford Economics and Hewlett Packard Enterprise (HPE) fielded a global survey of 300 business and IT executives during the fourth quarter of 2015.

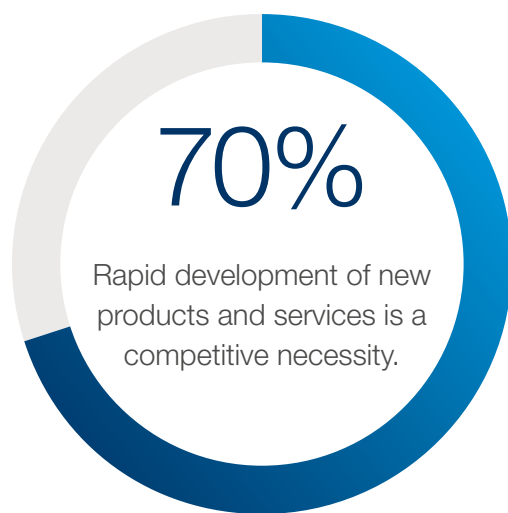
Our research shows that this new phase of economic history—labeled the Idea Economy by HPE CEO Meg Whitman—is well under way and is quickly becoming the new normal around the world and across industries. And this cycle of disruption is not slowing down. In fact, companies expect that the pressure to innovate will surge in the coming years.

Many businesses have made substantial improvements to technology infrastructure and processes, but they must continue to develop these capabilities, along with a culture of innovation, to stay competitive in the years ahead. Rapid ideation is already paying off for the companies that have the right tools and strategies in place.

Our research reveals three key themes:

- **The Need for Speed.** Companies are feeling increasing pressure to stay ahead of their competitors and plan to accelerate speed to value over the next two years.
- **The Technology Infrastructure Gap.** Many find it difficult to develop products or services quickly because they are battling rigid and inflexible technology infrastructure.
- **The Culture Clash.** Technology alone does not guarantee success; businesses must change organizational culture around innovation to succeed in this new era.

**While we cannot separate cause and effect, our survey shows those companies that lead their peers in pursuing rapid ideation and reduced time to value also report superior financial results.**



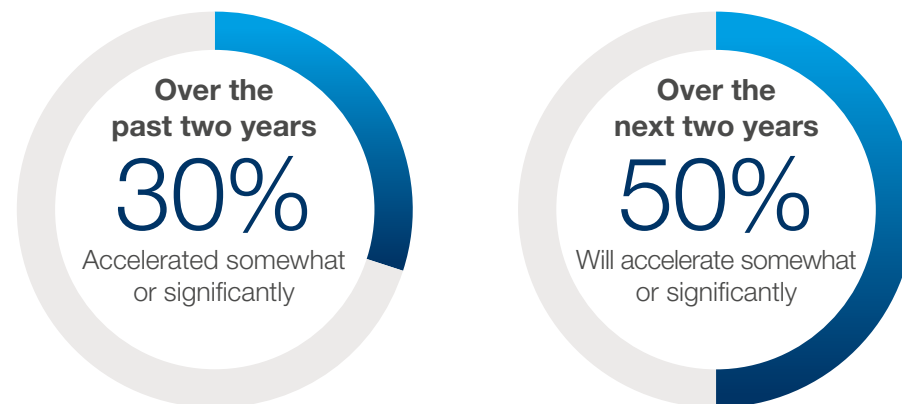
# The Need for Speed

Businesses are under pressure. Increasing competition and the accelerating pace of change lag only big-picture issues like economic conditions and global security as high-level trends affecting companies. And this pressure makes it more important than ever to turn ideas into products and services that provide value—quickly. In fact, more than two-thirds of companies surveyed say rapid development of new products and services is a competitive necessity.

Today, competition comes from every angle. Compared with two years ago, leadership is more concerned with threats posed by established competitors than disruptive new entrants, as even the oldest companies are modernizing technology infrastructure and processes to stay ahead. (Respondents in North America, however, feel more concerned about competition from both established companies and new entrants than others around the world.)

More-profitable companies (with margins at or above 15% in the past fiscal year) understand the innovation imperative; these leaders are more likely to say they feel increased pressure to keep ahead of established competitors, develop products and services faster, and capitalize quickly on ideas. These companies are also substantially more likely to say speed to value is vital to financial performance and brand value.

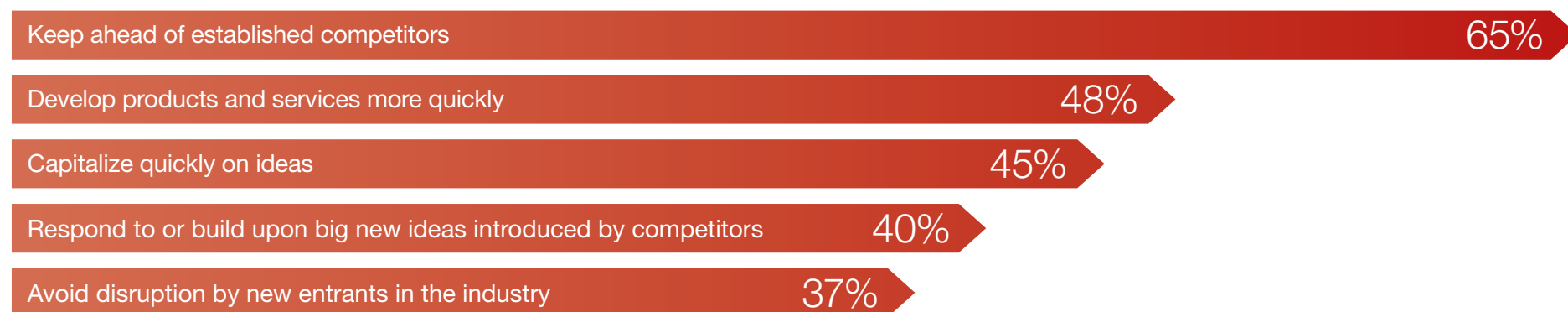
**Q: Thinking about product and service development, how has your company's ability to transform ideas into realities in the marketplace changed at your company over the past two years? Over the next two years?**



**Older companies are prioritizing new technologies and focusing on innovation alongside their younger peers.**

But acceleration is no simple task, as everything from infrastructure to culture can be a drag on speed, and nearly two-thirds of those surveyed say they find it difficult to develop ideas into products or services quickly.

**Q: Compared with two years ago, would you say your organization is facing more pressure to...?**



# The Technology Infrastructure Gap

Accelerating business requires more than a heavy foot on the innovation gas pedal—it requires substantial and consistent upgrades to technology infrastructure (i.e., the essential software and hardware, including cloud, that support business operations). The must-have technology list is a long one, with Big Data/Analytics and advanced security rated as most important to driving innovation.

Businesses understand this imperative—roughly 60% have invested in infrastructure in an effort to increase speed of innovation, and more than two-thirds say the application of technology to enable speed to value is a key element of competitive strategy. These investments tend to pay off.

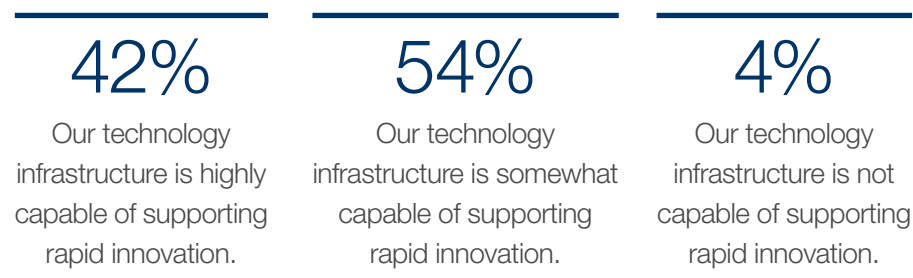
Yet many may not be doing enough to stay ahead of the curve. There are several important obstacles to rapid innovation and speed to market, including security of data and intellectual property, and difficulty changing company culture.

## But no barrier is more challenging than rigid or inflexible technology infrastructure.

Too few businesses say their current equipment is capable of supporting the innovation speed they need. (North American respondents are more likely than their global peers to say their infrastructure is highly capable of supporting

rapid innovation.) Looking forward, companies will need to compress the time between upgrades and identify emerging technologies that will give them an advantage over the competition.

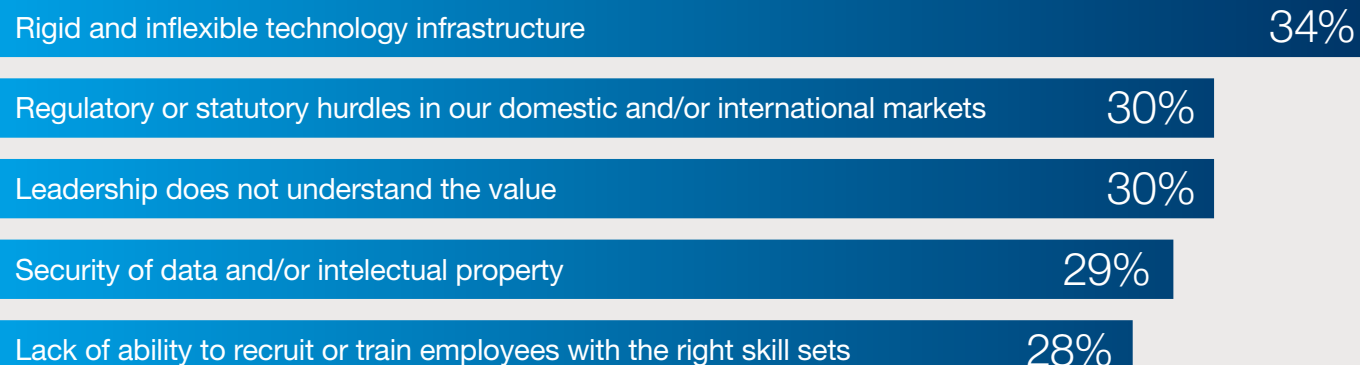
### Q: Which of the following statements best describe your company's technology capabilities? Select 1.



High-performing companies have taken steps to build the infrastructure they need. More than three-quarters of these financial leaders say the application of technology to enable speed to value is a key element of their competitive strategy, and they are more likely than their less-profitable peers to say their current infrastructure is highly capable of supporting rapid innovation.

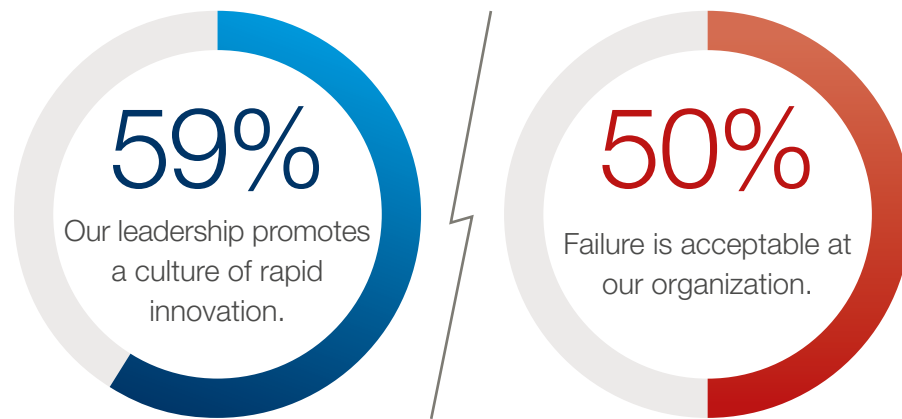
## Rigid tech infrastructure cited as a top roadblock to bringing ideas to value quickly

Q: In your opinion, what are the top current roadblocks to bringing ideas to value quickly at your company? Select up to 3; top 5 responses shown.





# The Culture Clash



**Technology alone does not guarantee success—cultural issues around innovation and security must be resolved for any investments in technology infrastructure to fully pay off.**

Yet companies show a surprising lack of focus on these organizational challenges: nearly one-third say leadership does not understand the benefit of bringing ideas to value quickly, and many are not embracing the innovation mindset company-wide. Perhaps most alarming is that just 32% say they will have changed their company culture to increase the speed of innovation over the next two years. More-profitable companies understand that organizational change is required. Half have changed their culture around innovation, compared with only around one-third of others.



But even these advanced companies still have some work to do—profitable companies are no more likely than others to say failure is acceptable in their organizations. Even if companies are slow to change culture, the pressure of innovation is forcing change on them. Over two-thirds say this pressure has changed their workplace culture for the better, and significant majorities report improved operational processes and employee productivity and satisfaction, along with better workforce composition and leadership.

Technology, too, can smooth the ideation process at multiple stages, from increased employee productivity and satisfaction (69% and 61%, respectively, have seen these benefits) to more efficient processes (66%). When culture and technology work well together, companies can experience benefits that go beyond faster speed to market.

## BT's culture of innovation

At BT Group plc, speed has become part of the culture. In early October 2015, Jean-Marc Frangos, the company's managing director of external innovation, spotted a promising new technology on a trip to Israel. Seven weeks later, the telecommunications giant had completed all evaluations to be ready for launch. The time to market was short even by the standards of Mr. Frangos, who likes to see value from new projects in 90–180 days—but wants to move faster. “My target is to improve the average cycle time by 5% every year and keep accelerating the process,” he says.

**This is the new cultural imperative for all companies, young and old: move quickly or fall behind.**

With £18 billion in revenue and nearly 90,000 employees around the world, BT has an appetite for speed that might seem more typical of a start-up than a business with roots going back to the 19th century. To satisfy that need, BT has expanded beyond its venerable R&D organization by pursuing innovation wherever it may happen. For example, Mr. Frangos runs his global acquisitions operation from Silicon Valley, far from BT's traditional R&D hub in Martlesham Heath, UK. This is the new cultural imperative for all companies, young and old: move quickly or fall behind.

# Conclusion and Methodology

The pace of change in business is not slowing down. Investments in the right infrastructure and a commitment to changing culture around these new tools and processes are vital to success in this new era.

For more detail, visit [HPEMatter.com/Davos](https://hpe.com/davos) to download the full briefing paper.

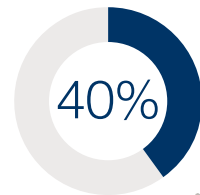
## About the research

Working with HPE, Oxford Economics surveyed 300 senior business and technology executives about innovation processes and goals at their company. Respondents come from around the world and a range of industries, including financial services, manufacturing, retail, energy, healthcare, telecommunications, education, and government services (roughly 10% each).

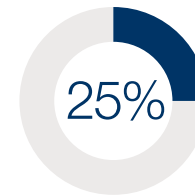
Respondents represent a range of company sizes in terms of both employee count and annual revenue—reported revenues for the most previous fiscal year span from \$25 million to over \$5 billion. These companies are old and new, with some fewer than five years old and others more than 40 years old.

Interviews are being conducted with executives from a range of industries, providing critical qualitative support to our survey findings—quotes from the executives and case studies featuring these companies can be found in the full briefing paper.

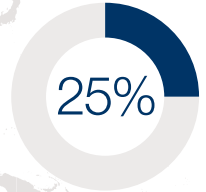
North America



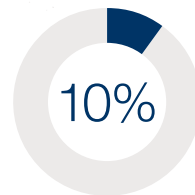
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This project was managed by Deputy Director of Thought Leadership and Technology Practice Lead Edward Cone and Associate Editor Adrianna Gregory.

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