



Disruptive companies and business models

eCommerce and social networking platforms have become so much more



Key takeaways:

– eCommerce and social networking platforms identified as the most disruptive business models

– Amazon, Apple, and Alibaba named the most disruptive companies

– Google, Facebook, and Instagram voted favorite apps

– Millennials and older tech industry leaders both largely view the same people as technology innovation visionaries

Artificial intelligence (AI), eCommerce, cloud, social networking, Internet of Things, 5G, blockchain, and other emerging technologies are being leveraged to blur the lines between industries, creating new business models and converging sectors. Traditional automobiles are morphing into electrified, autonomous infotainment centers. Manufacturing facilities are transforming into computerized, robotic clean rooms. And the list goes on. As the definition of a “technology company” evolves, many organizations are rebranding themselves as such and liberally using the descriptor in their corporate profiles, press releases, and financial reports.

According to KPMG’s Technology Industry Innovation Survey, global tech industry leaders believe that eCommerce platforms represent the most disruptive business model over the next three years. It ranked number one in last year’s survey as well and global eCommerce spending is expected to increase from \$3.5 trillion in 2019 to \$6.5 trillion in 2023¹. eCommerce giants are pioneering the use of new technologies like AI, speech recognition, drones, and [autonomous vehicles](#). And there are the

frequent headlines about extending their reach and disrupting other sectors like food delivery, healthcare, insurance, energy, and prescription drugs.

Social networking again ranked as the second most disruptive business model, closing the gap slightly with eCommerce platforms in this year’s survey. Similar to the eCommerce companies, the social media companies are striving to capture an ever-larger percentage of consumer mind share and wallet with new offerings like exclusive and original content, live sporting events, augmented/virtual reality, educational services, and cryptocurrencies.

While [emerging technologies](#) will certainly have widespread impact, certain industries are more susceptible to disruption than others. Over the next three years, survey respondents expect these industries to experience the greatest transformation as a direct result of emerging technologies:

1. Telecommunications
2. Industrial manufacturing
3. Healthcare/Life sciences
4. Aerospace and defense
5. Financial services



Most disruptive business models



Source: KPMG Technology Industry Innovation Survey 2019

¹ Andrew Lipsman, “Global Ecommerce 2019,” eMarketer (May 2019)

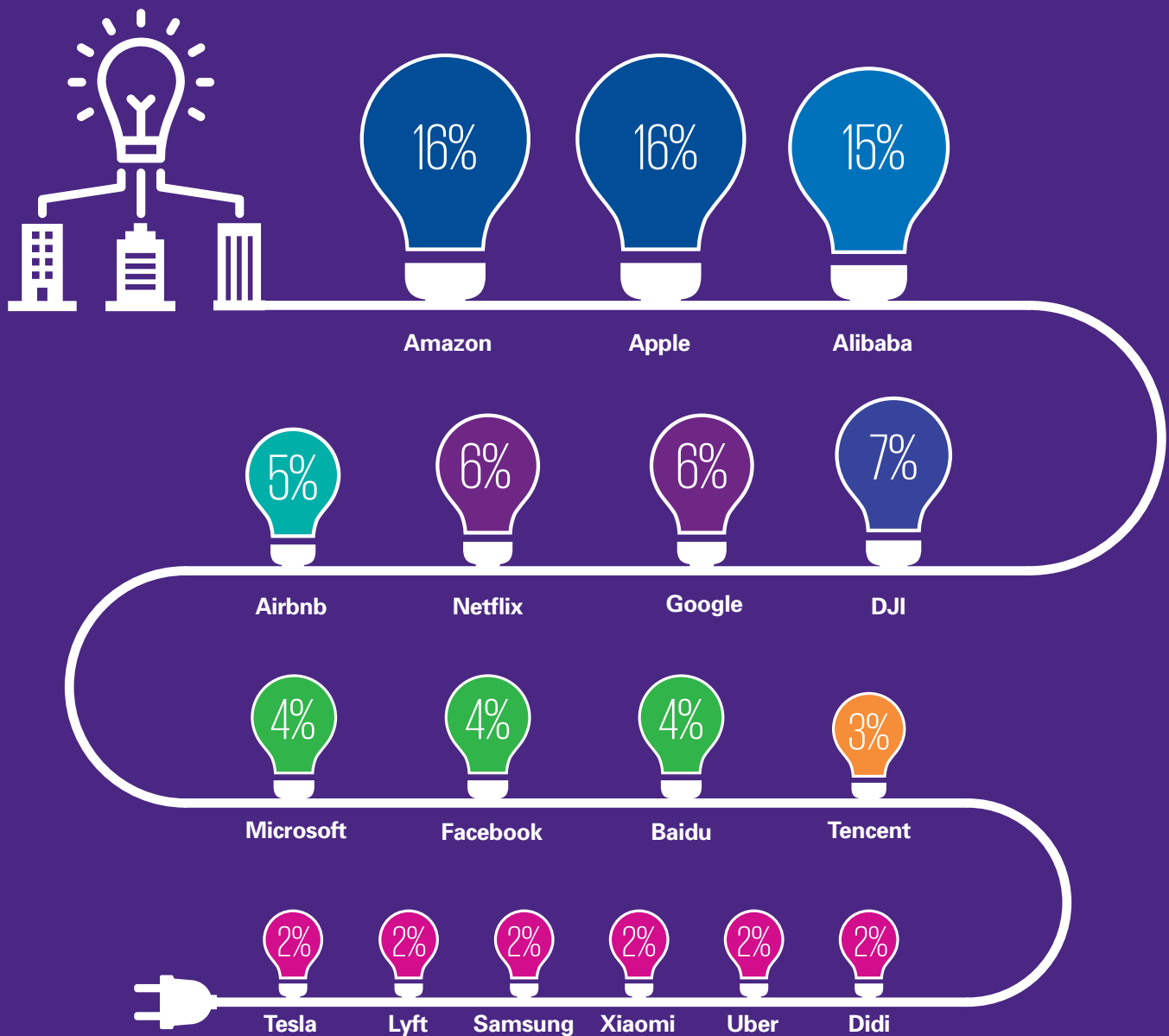
Disruptive companies

Going a level deeper than business models, we queried global tech leaders which company they worry the most about disrupting their business. With eCommerce ranked as the most disruptive business model, it follows that the companies at the top of this list play heavily in that space. These companies also tend to drive innovation in multiple sectors, which by default will be disruptive to many other companies but also result in great utility and benefits.

Some of the responses that stood out from a geographic perspective were as follows:

- Respondents in Japan ranked Baidu second
- Respondents in Korea rated Netflix second
- Respondents in Russia rated Netflix first

The most disruptive companies as viewed by tech industry leaders



The views and opinions expressed herein are those of the survey respondents and do not necessarily represent the views and opinions of KPMG member firms.

Source: KPMG Technology Industry Innovation Survey 2019. Percentages may not equal 100 due to rounding.

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Favorite apps

On perhaps a more personal level, we also asked global tech executives to name their favorite app. Given the breadth and variety of potential answers, this was an open-ended question and the top responses are shown.

Social media apps dominated the top of the list. This is consistent with social networking platforms ranking as a highly disruptive business model overall. It's also reflective of today's mobile society and the increasing scope, expanded offerings, and influence that social media platforms have in our daily lives. Over three billion people were using social media on mobile devices to start 2019, an increase of more than ten percent year-over-year². And digital consumers globally spent an average of 2 hours and 22 minutes per day on social networks in 2018, up 49 percent from just five years prior in 2013, when the average was 1 hour and 35 minutes³.

Messaging and entertainment apps comprised the bulk of the rest. And interestingly, while digital payments platforms were identified as the third most disruptive business model over the next three years, payment apps were not named as a favorite app, suggesting that full consumer adoption and reliance is still a ways off.

Innovation visionaries

Another open-ended question we asked of global tech leaders was to name the top person emerging as a global technology innovation visionary. Who the tech world sees as leading the way into the future could shed light on future disruptive technologies and companies.

Millennials are tomorrow's future business leaders. They already comprise the largest segment of the U.S. workforce⁴ and are poised to constitute up to 75 percent of the global workforce by 2025. As such, we looked at their responses separately. Who they look up to today may indicate who they strive to emulate as their careers progress.

The responses were largely the same with seven of the same people named in the top ten on each list. It appears that to different generations of tech workers, the leaders of the giant platform companies are still the visionaries by virtue of ever expanding and diverse offerings that leverage new technologies, as well as sets of well publicized moonshot projects.

² Simon Kemp, "Digital 2019: Global Internet Use Accelerates," We Are Social and Hootsuite, January 30, 2019

³ Trendstream Limited, "GlobalWebIndex Social Media Flagship Report," 2018

⁴ Richard Fry, "Millennials are the Largest Generation in the U.S. Labor Force," Pew Research Center Fact Tank, April 11, 2018



Favorite apps of tech industry leaders

| | |
|-----|----------------------|
| 1 | Google/Google Chrome |
| 2 | Facebook |
| 3 | Instagram |
| 4 | YouTube |
| 5 | Twitter |
| tie | 5 WhatsApp |
| 7 | Spotify |
| 8 | LinkedIn |
| 9 | Snapchat |
| tie | 9 Amazon |
| 11 | Facebook Messenger |
| 12 | Netflix |
| 13 | Baidu |
| 14 | Gmail |
| 15 | WeChat |
| tie | 15 Google Play |
| tie | 15 KakaoTalk |
| 18 | iTunes |
| 19 | Google Maps |
| tie | 19 HBO Go |

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Source: KPMG Technology Industry Innovation Survey 2019

Partial list shown.



The top technology innovation visionaries as viewed by:

| Tech industry leaders | Millennials |
|-----------------------|------------------------------------|
| 1 Sundar Pichai | 1 Elon Musk |
| 2 Elon Musk | 2 Jack Ma |
| 3 Jack Ma | 3 Bill Gates |
| 4 Mark Zuckerberg | 4 Jeff Bezos |
| 5 Tim Cook | 5 Mark Zuckerberg |
| 6 Jeff Bezos | 6 Steve Jobs |
| 7 Bill Gates | 7 Sundar Pichai |
| 8 Larry Page | 8 Tim Cook |
| 9 Satya Nadella | 9 Ren Zhengfei |
| 10 Marissa Mayer | 10 Lei Jun and Masayoshi Son (tie) |

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Sources: KPMG Technology Industry Innovation Survey 2019 and KPMG Technology Industry Millennials Survey 2019

Partial list shown.

Next steps

Actions that technology company leaders should consider regarding disruption include:

- **Regularly assess the threats and opportunities** that emerging technologies and business models are creating in the market.
- **Perform an in-depth review of the current strategy** (including people, process, technology, and third party strategies). Assess its flexibility to adapt to disruption and maintain relevance to the future market.
- **Stress test the current strategy** against competitive threats and market disruption.
- **Conduct a skills assessment** to ensure the organization has the expertise and agility to execute the business strategy.
- **Re-envision the business model** that harnesses new technologies, creates new value propositions, and gains competitive advantages.
- **Prioritize the adoption of new technologies** that will enable the company to capitalize on long-term value.
- **Redesign the Board agenda** to maintain ongoing focus on disruption, strategy recalibration, change management, and execution.

About the research

— The KPMG Technology Industry Innovation Survey included responses from over 740 technology industry leaders across 12 countries. The online survey was conducted between December 2018 and January 2019.

— The KPMG Technology Industry Millennials Survey included responses from 600 millennials working in the technology industry in seven countries. The online survey was conducted between February 2019 and March 2019.

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