



How to turn Digital Disruption into Opportunity

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The Fourth Industrial Revolution

First

Water and steam power
Mechanical production



Second

Division of labor
Mass production
Electricity



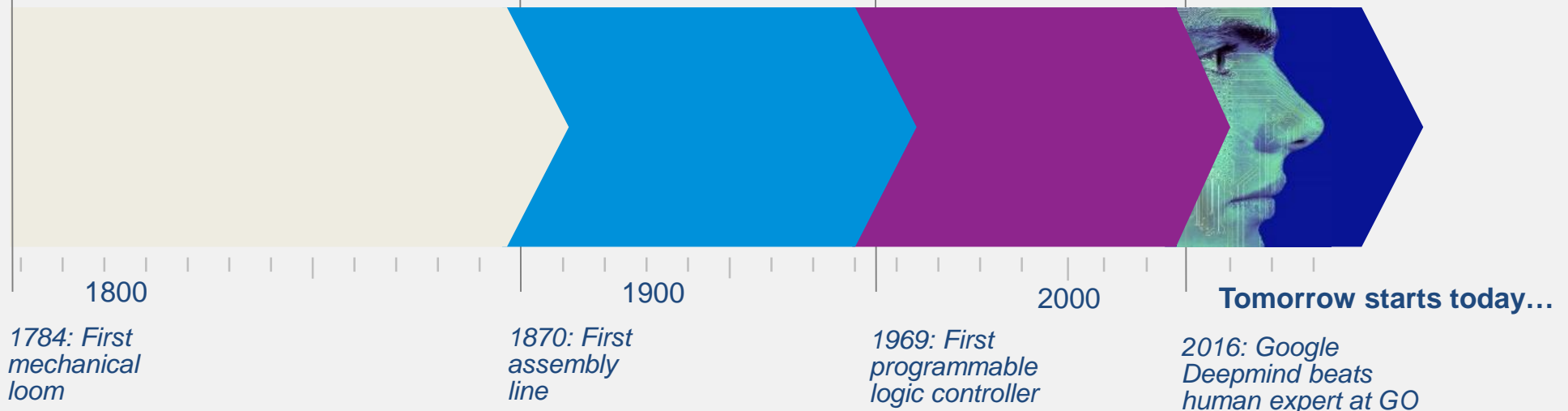
Third

Electronics
Information technology
Automated production



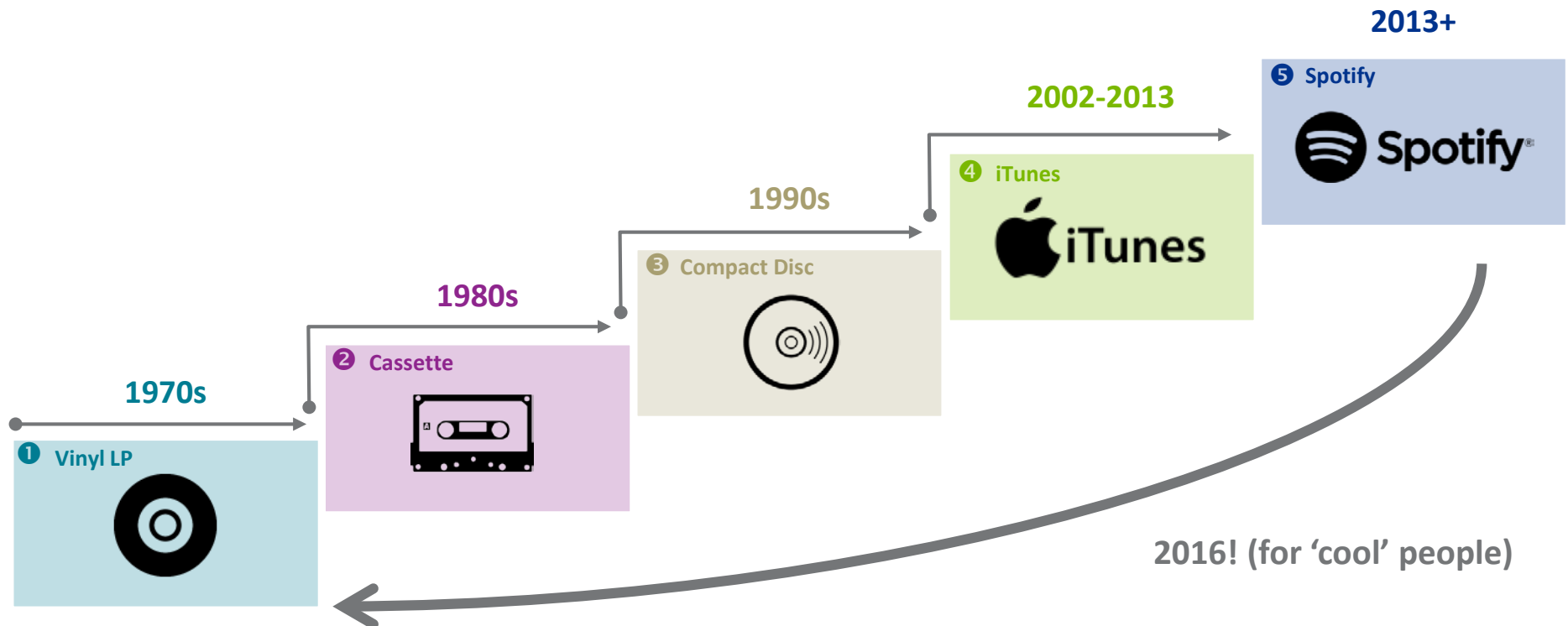
Fourth

Physical (IoT) + Digital
Convergence
Hyper-connectivity
Digital Labor and professional
augmentation
Digital Ledger
Everything 'as-a-Service'
Big Data & Analytics
Additive manufacturing



Digital Disruption: The Music Industry

The music industry is a perfect example of continuous digital disruption going back 40 years



Each disruption completely altered revenue flows, creating new winners and leaving behind those who could not adapt fast enough

Digital Disruption has Already Happened in Many Industries

Many Industries Have Already Been 'Digitally Disrupted'

The world's largest taxi company that owns no taxis?



The world's largest accommodation provider that owns no rooms?



Two of the largest phone companies that own no Telco infrastructure?



The world's most valuable retailer that has no inventory and owns no stores?



Two of the world's most popular media firms that create no content?



The world's largest movie house that owns no cinemas?



Two of the world's largest software companies that do not write applications?



The largest providers of computer infrastructure that do not make servers?



>US\$10b revenue, >US\$250b payments, Market value greater than all listed Banks in Germany The PayPal logo, featuring a blue 'P' icon followed by the word 'PayPal' in blue.

330% larger than PayPal, 96% of online payments in China do not involve a Bank



Not Just In Consumer But Also Industrial Products

The world's first trackable shipping pallet using RFID technology, giving 100% inventory visibility across the supply chain



"RFID gives us a **data-driven** audit trail so we **track our assets** and satisfy our customers. The **time-stamped data** alone is far better than anything that existed until now."

Walter Kerr, CIO, iGPS

BUSINESS CHALLENGE

- Need to track and manage millions of shipping pallets in real time across a global supply chain

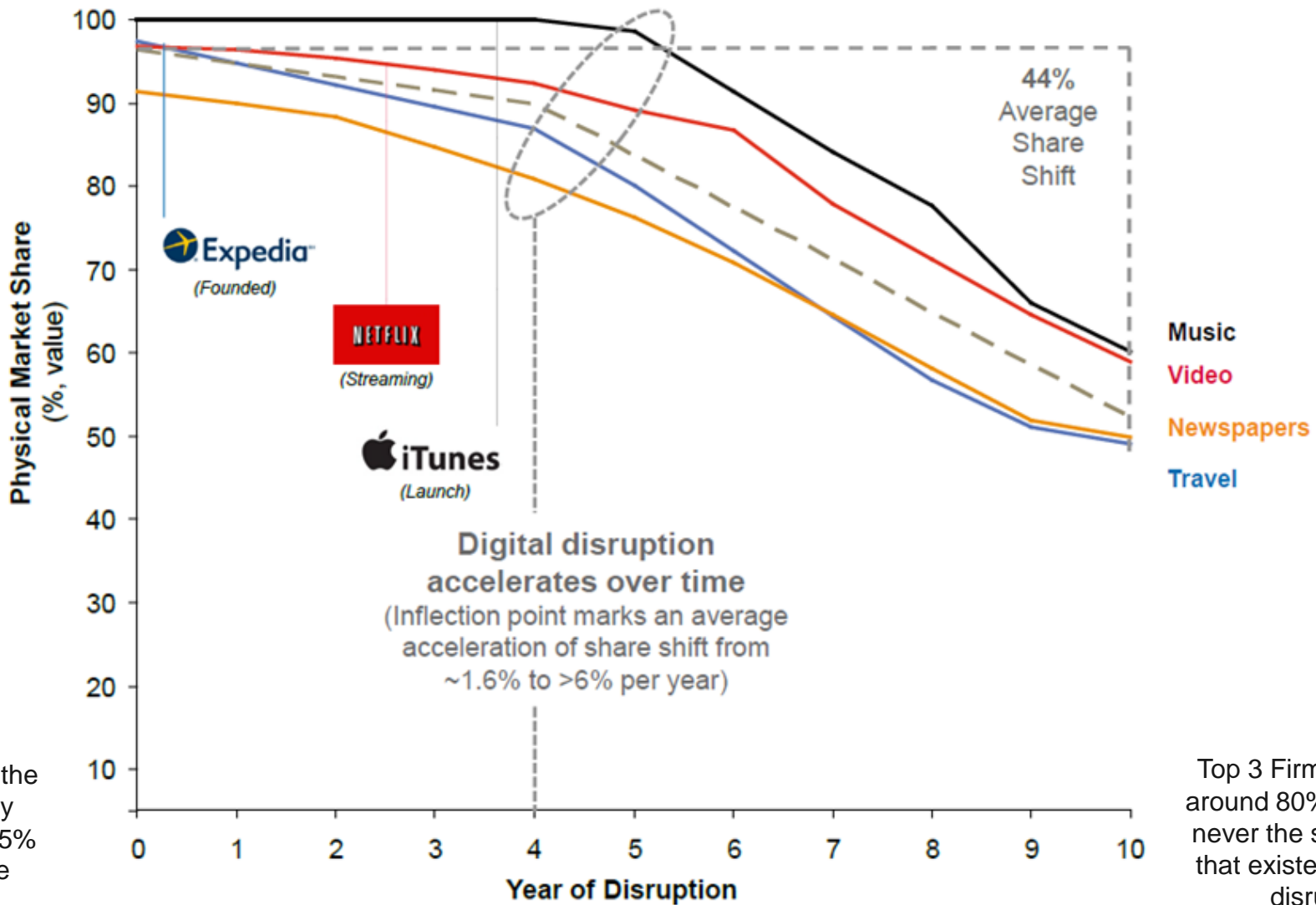
SOLUTION

- Embedded 4 RFID tags in each corner of a pallet to ensure reliable RFID reads
- Built an advanced RFID tracking & analytics software solution

RESULT

- Tracks assets in real time
- Prevents losses and theft
- Optimizes pallet use
- Enables accurate invoicing
- Eases inventory management

Digital Disruption Can Be Devastating to Incumbents



Top 3 Firms in the sector usually have around 45% market share

Top 3 Firms now have around 80% market, but never the same 3 firms that existed before the disruption

Source: Citi Global Perspectives & Solutions - Digital Disruption Report, March 2016

Prime Digital Innovations Are Centred on 'The Customer'



The world today

Customers today have the world right at their fingertips. Despite the huge strides in technology, their appetite for a faster, better, personalised and more fulfilling digital experience is insatiable.

Listening intently to what customers need and want, coupled with meaningful insights, innovative technologies, understanding context and rapid delivery are keys to business survival. Business needs to become customer-centric and customer-obsessed.

There is only one business objective:
Leave customers craving for more.

So, What is a 'Digital Business'?

A 'Digital Business' continuously excels and innovates through the use of the very latest technologies such as: Mobile, Cloud, IoT/IoE, Smart Machines/Cognitive Computing, Data & Analytics, Blockchains/DLTs, Social Media and more



Customer engagement

Customer touch-points can be made online



Straight through processing/automation

Automating core processes



Agility, Speed, Efficiency

Uses technology to keep pace with market and consumer velocity



Data & Decisions

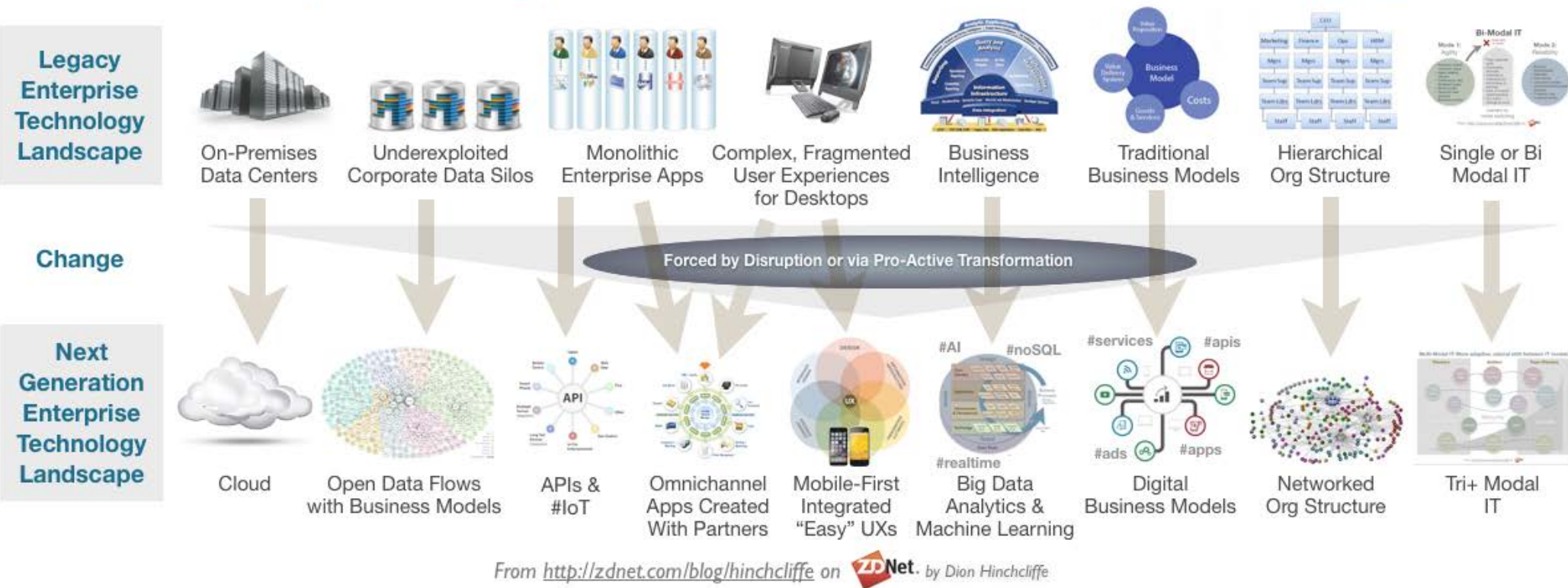
Embeds sophisticated analytics into all aspects of the business to deliver highly personalized services that deliver value to the customer



New Types of Services

A digital business adopts a digital operating model to provide a range of newer types of products and services.

The Top Technology Shifts Businesses Must Confront Today



Our Customers Are Logging In

// Online and mobile **Internet access** empowers consumers & enables businesses.

The **Asia-Pacific** region includes *some of the* **fastest-growing markets** in Internet consumption.















INDICATOR / COUNTRY	CHI	HKG	IND	IDN	JAP	MYS	PHL	SGP	KOR	TWN	THA	VNM
ACTIVE INTERNET USERS (mil)	642	5.75	243	72.7	109.6	20.1	44.2	4.45	45.3	18.7	23.9	39.8
Cable/ADSL Internet Penetration (%)	47%	79%	19%	28%	86%	66%	44%	81%	90%	80%	37%	44%
ACTIVE <u>M-INTERNET</u> USERS (mil)	565	4.65	200	54	43.6	16.5	32	3.54	32.4	9.9	17.7	32.4
Mobile Internet Penetration (%)	41%	64%	16%	21%	34%	54%	32%	65%	64%	42%	27%	36%

Source: KPMG, Digital Consumption Study, ASPAC, 2015

...And Increasingly Active

// People spend more time in '**connected mode**' as they get more things done while **online** or **on mobile**.

												
INDICATOR / COUNTRY	CHI	HKG	IND	IDN	JAP	MYS	PHL	SGP	KOR	TWN	THA	VNM
AVG. DAILY USE (via PC/tablet) Time spent on the Internet (hrs.)	3.87	3.42	5.07	5.10	3.12	5.07	6.28	4.68	3.37	4.90	5.45	6.17
AVG. DAILY USE (via mobile) Time spent on the Internet (hrs.)	2.58	2.30	3.40	3.17	0.98	3.65	3.32	2.30	1.78	3.28	4.10	2.68
AVG. DAILY S/M USE (any) Time spent on Social Media (hrs.)	1.70	1.83	2.52	2.87	0.67	3.45	4.25	2.45	1.27	2.72	3.77	3.07

Source: KPMG, Digital Consumption Study, ASPAC, 2015

...With Substantial Online Spending Habits

// Shopping online or via mobile is increasingly popular due to improved **convenience, reliability & price.**

INDICATOR / COUNTRY	CHI	HKG	IND	IDN	JAP	MYS	PHL	SGP	KOR	TWN	THA	VNM
E-COMMERCE (via PC) Min 1 purchase/month, % of population	37%	39%	14%	16%	40%	37%	21%	46%	62%	32%	18%	24%
E-COMMERCE (via mobile) Min 1 purchase/month, % of population	27%	23%	9%	9%	6%	19%	11%	23%	37%	8%	11%	15%

Source: KPMG, Digital Consumption Study, ASPAC, 2015

KPMG's Strategic Initiatives



Intellectual Property



Cyber Security



Data & Analytics



Transformation

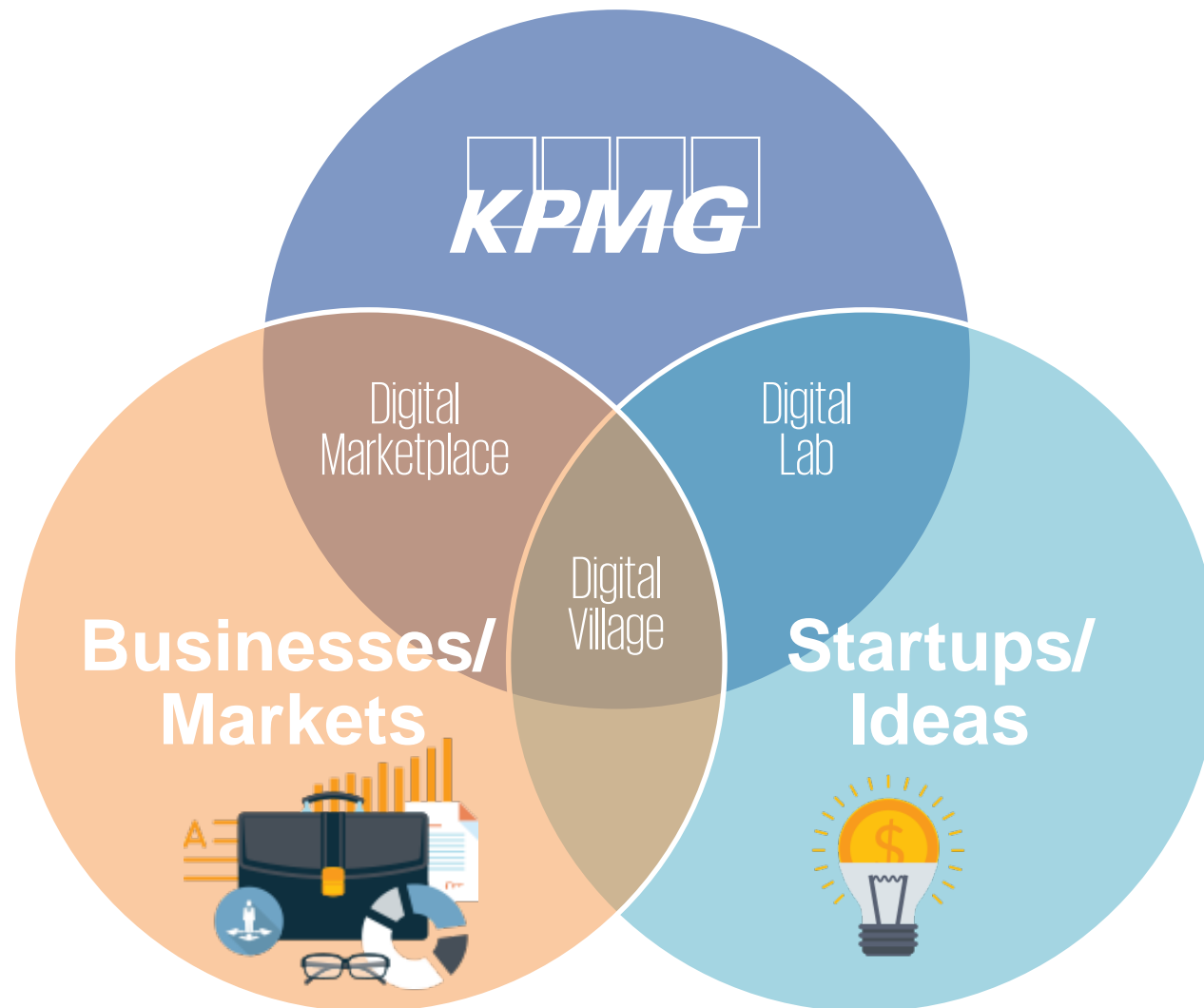


Strategy



Regulatory

...Developed to Hunt For Digital Opportunities Together





Thank you

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