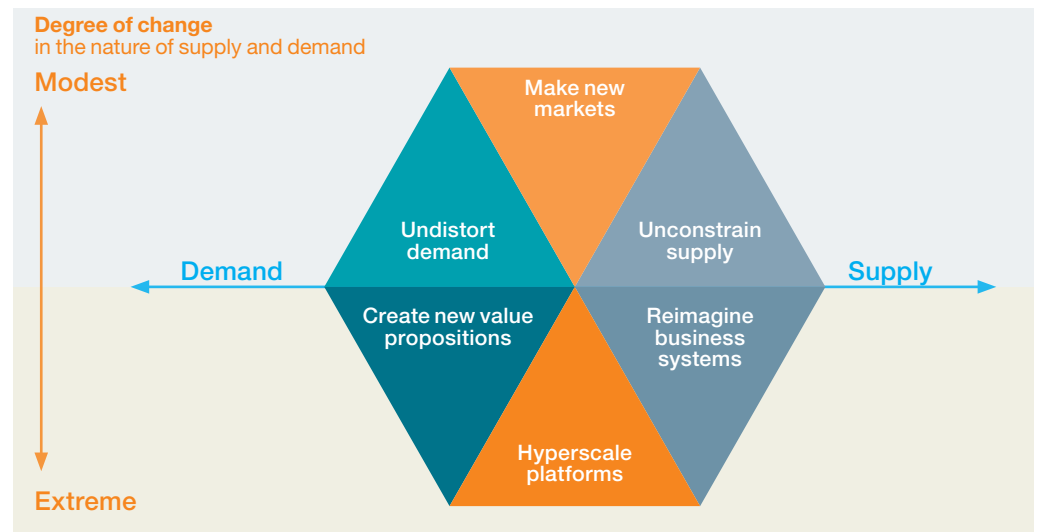


How vulnerable are you to digital disruption?

Strategy & Corporate Finance Top management discussion guide, April 2016



Use our supply and demand guide to digital disruption to help you understand the opportunities and threats facing your organization

1. Undistorted demand

You're vulnerable if...

- Your customers are forced to cross-subsidize one another
- Your customers have to buy the whole product or service when they only want a part
- Your customers can't get what they want where and when they want it
- You're ineffective at customer identification and targeting (pricing, product offering, advertising)
- Customer experiences don't match standards for user functionality – both within and beyond your industry

Disrupt yourself before others do:

- Improve search and filter tools
- Streamline order processes and make them more user-friendly
- Implement smart recommendation engines
- Unbundle your products and offer customized bundles
- Digitally enhance your offerings

[Read more:](#)

[Contact](#)



@McKStrategy

2. Unconstrained supply

You're vulnerable if...

- Your customers don't fully use your product
- You use your supply in variable or unpredictable fashion
- You have high fixed or step costs
- Users could easily become suppliers

Disrupt yourself before others do:

- Use digital means to pool unused capacity
- Turn your product into a service
- Tap into the sharing economy
- Unlock existing but underused supply
- Flatten out lumpy supply

3. New market-making

You're vulnerable if...

- Information transparency between customers and suppliers is low
- Research is costly and lengthy
- There are intermediary fees and layers
- Transactions take a long time

Disrupt yourself before others do:

- Offer real-time and transparent information exchange
- Remove middlemen from the supply chain
- Automate and speed up transaction processing
- Create transparency via search and comparison tools

4. New value proposition

You're vulnerable if...

- Your product or service could be significantly enriched through information or social media
- You offer a physical product unconnected to the Internet (eg., thermostats)
- There's a significant lag between customer's purchase and receipt of your product or service
- Your customer must obtain the product in person (eg., groceries, rental cars)

Disrupt yourself before others do:

- Improve connectivity of physical devices
- Add social media to your product and service
- Extend your product or service with digital features
- Digitize or automate distribution
- Explore new delivery and distribution models

5. Reimagined business systems

You're vulnerable if...

- Your value chain has redundancies such as high number of hand-overs or repetitive manual work
- You have entrenched physical distribution or retail networks
- Your industry's margins are high compared to other industries
- Your industry has high variability in cost and perceived value

Disrupt yourself before others do:

- Make your value chain more efficient and explore selling directly to consumer
- Turn your product into a service
- Introduce dynamic pricing
- Implement data-driven decision-making

6. Hyperscaling platforms

You're vulnerable if...

- Your business model charges customers for information
- No dominant platform governs interactions between users and suppliers in your industry
- There is high potential for network effects

Disrupt yourself before others do:

- Provide free information
- Create a platform connecting users and suppliers in your industry