

Business Disruption Survey

Top-line Report



September, 2018

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Introduction

This report contains the top-line findings from the survey on Business Disruption that was conducted in August 2018. These results are compared to those from a similar study carried out during September/October 2014.

This survey was carried out on-line and yielded a sample of 769 eligible respondents. The results were weighted by company size and region. The Public Sector was excluded.

The 2014 study relied on a random sample of 750 Canadian businesses. This survey was carried out by telephone. The results were weighted by size and region.

The margin of error on these results (19 times out of 20) is +/- 3.6 percentage points for a single value and +/- 5.1 percentage points on differences.

As a top-line report, the survey findings are ordered in the sequence of questions as they were presented in the 2018 survey.

Key Points I

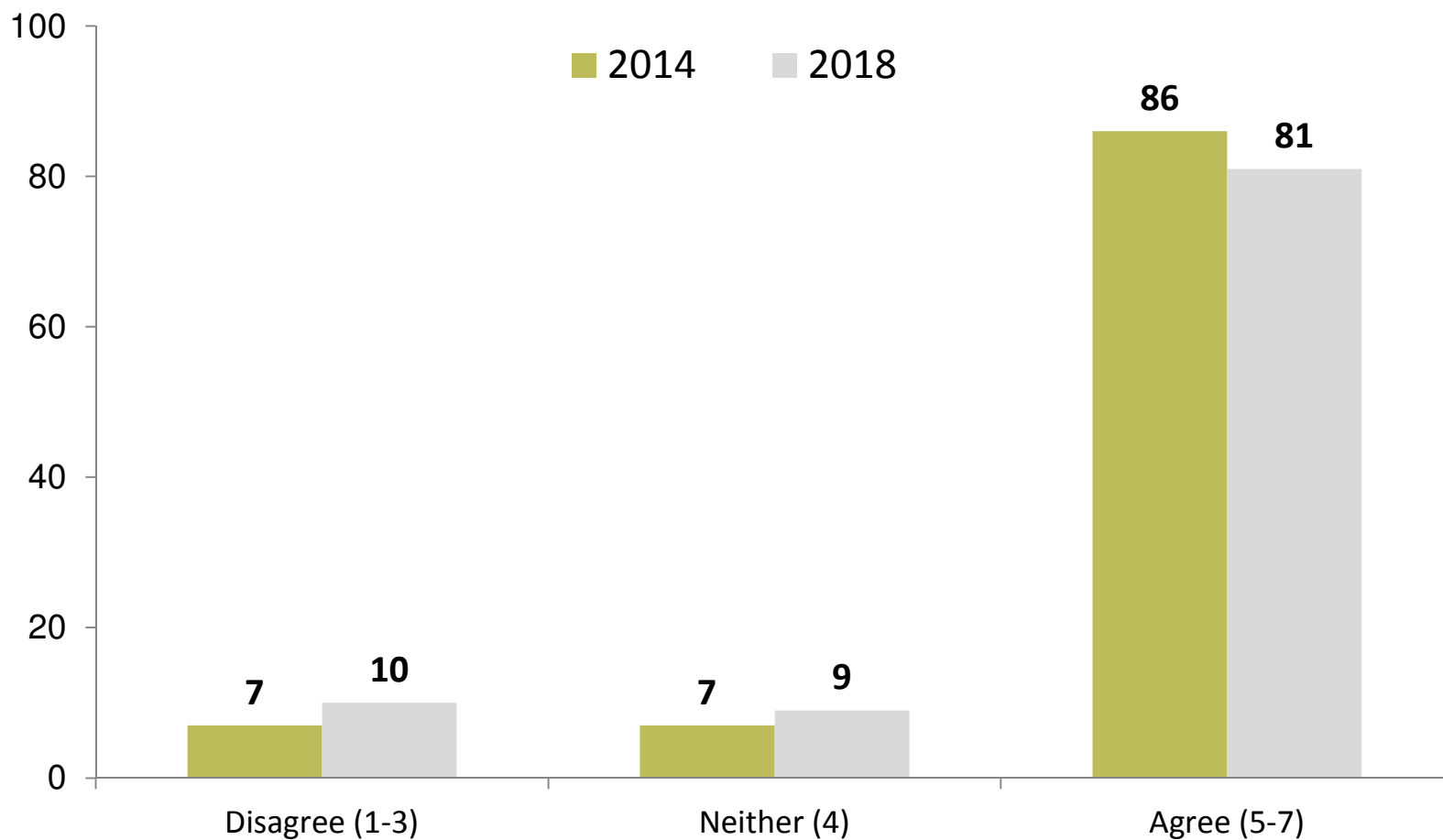
- › A continued strong majority view technology advancement as a strong driver of economic growth
- › Decision-making power remains centralized in Canadian firms
- › A majority of companies now see technology as being disruptive
- › Conversely less companies plan to change their business model, although over 60% of larger companies have that as a business strategy
- › Many more companies see themselves as risk tolerant than four years ago
- › Views on government regulation remain unchanged with nearly 90% of companies seeing the burden as either moderate or high
- › More companies believe the pace of change will increase, although this is not a majority
- › Labour markets are still seen as the most disruptive force, with Technology seen as less so
- › Only 3% of companies think that new technology will be less disruptive but still “only” 40% think that it will be more so
- › Significantly more companies see innovation as a key strategy, though still this is not a majority
- › Significantly more companies now view government financial support as encouraging innovation
- › Significantly more companies see IPP as encouraging innovation

Key Points II

- › The emphasis is still on people (training and hiring) as a way of enabling innovation
- › Much fewer firms regard themselves as being very successful in sustaining innovation
- › There has been a significant increase in the amount of revenue generated by new products and services
- › There has been much more investment in new technologies but still less than one-third have done this to a great extent
- › In 2018, only 26% of companies say they adopt technology or best practices faster than their peers - a significant drop from 2014
- › Artificial intelligence is now viewed as having much more potential to disrupt industry but connectivity is still viewed as more potential to disrupt but less so than previously
- › Robotics, advanced manufacturing and biotechnology are all seen as having more potential for disruption than in 2014
- › The use of both connectivity and networks has dropped dramatically
- › There has been no significant change in technology integration with less than 25% regarding their integration as having been successful
- › Word-of-mouth, Industry Associations and Media are still the most important sources of information on technology
- › Many more companies intend to increase their level of spending on R&D
- › Very few companies (<20%) still regard themselves as being very prepared for disruption by new technology

Technology advancement

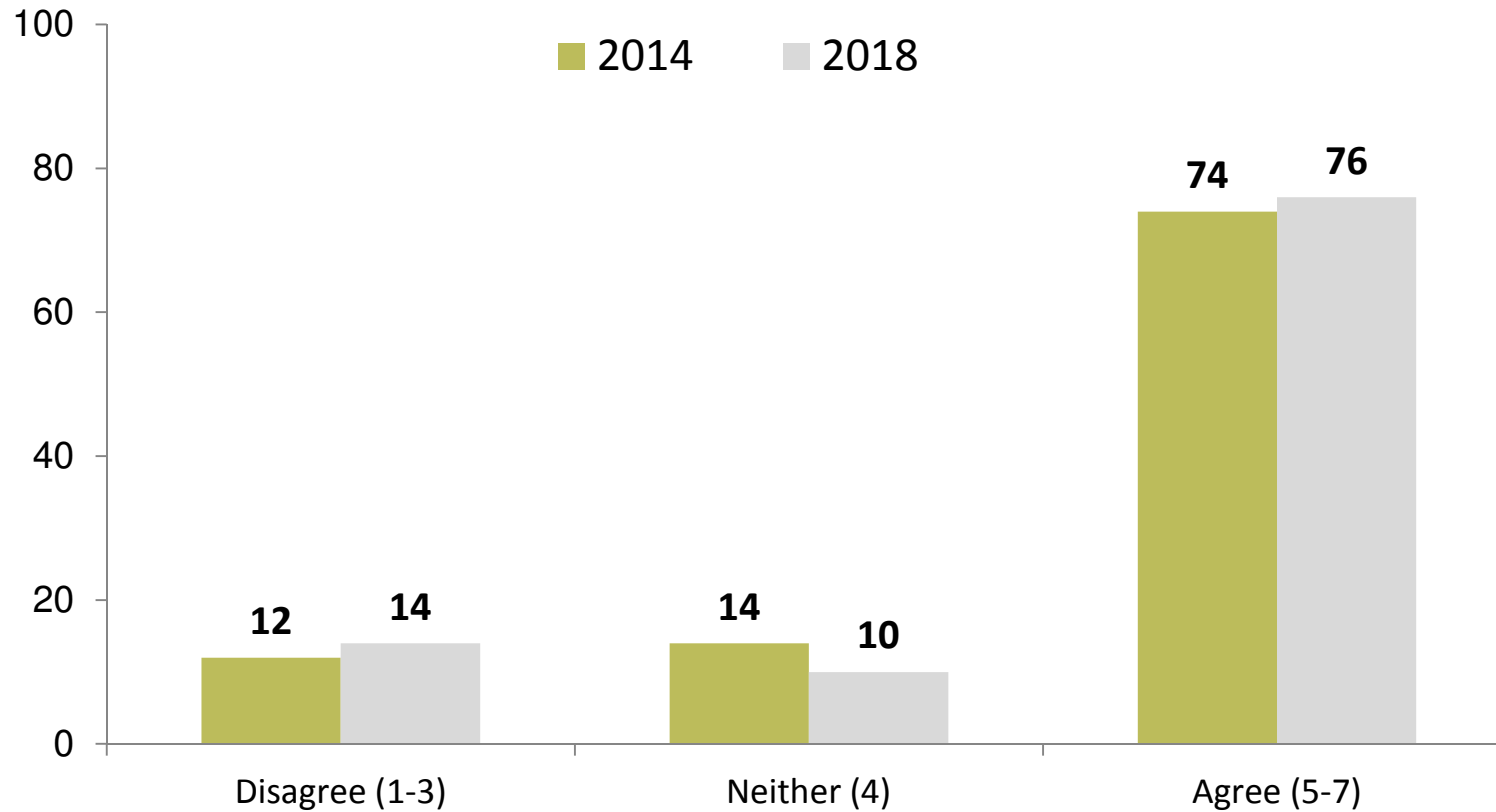
Technology advancement is a critical driver of economic growth



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Decision making

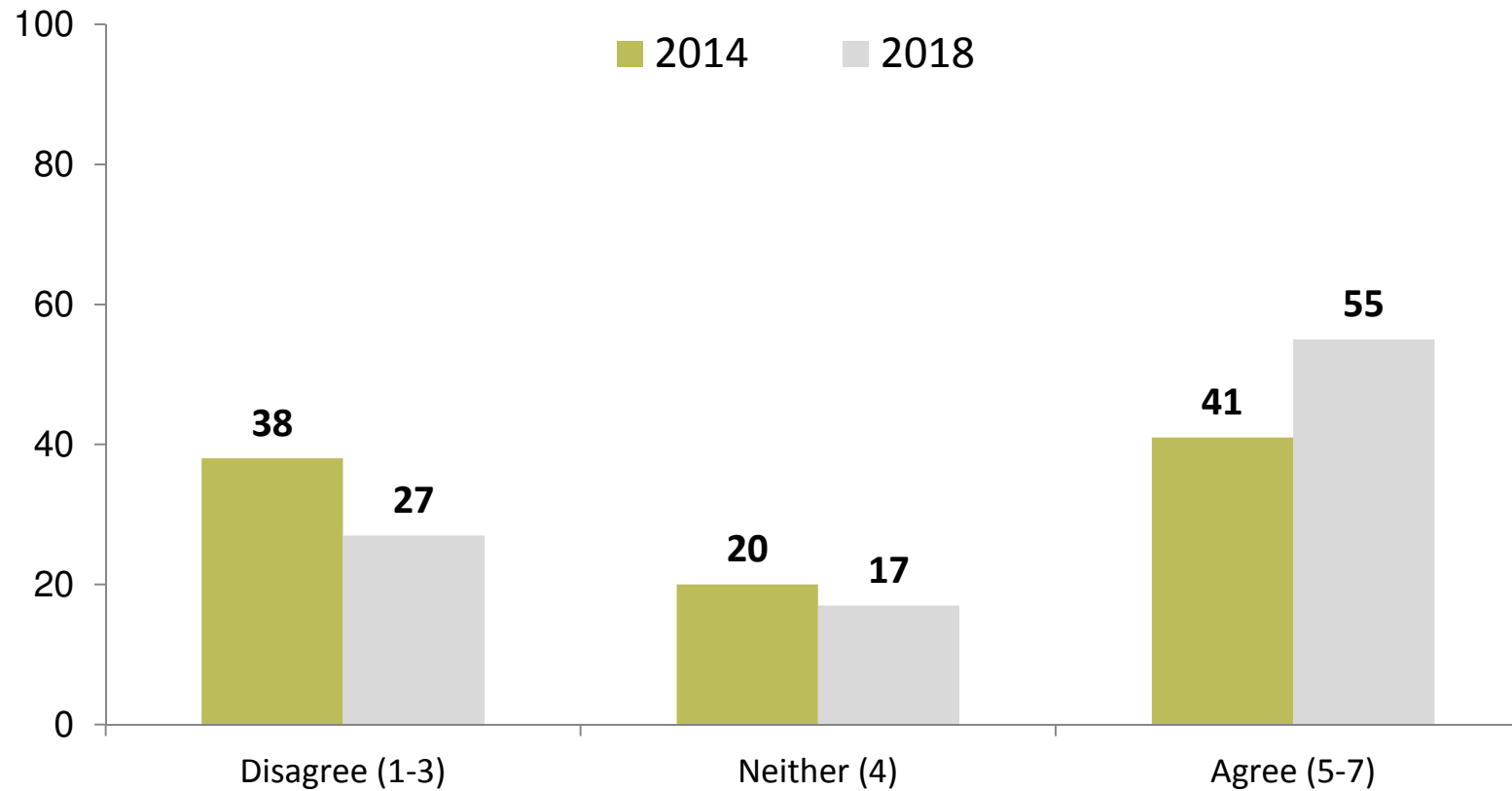
Decision making power and authority is centralized in my organization



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Technology disruption

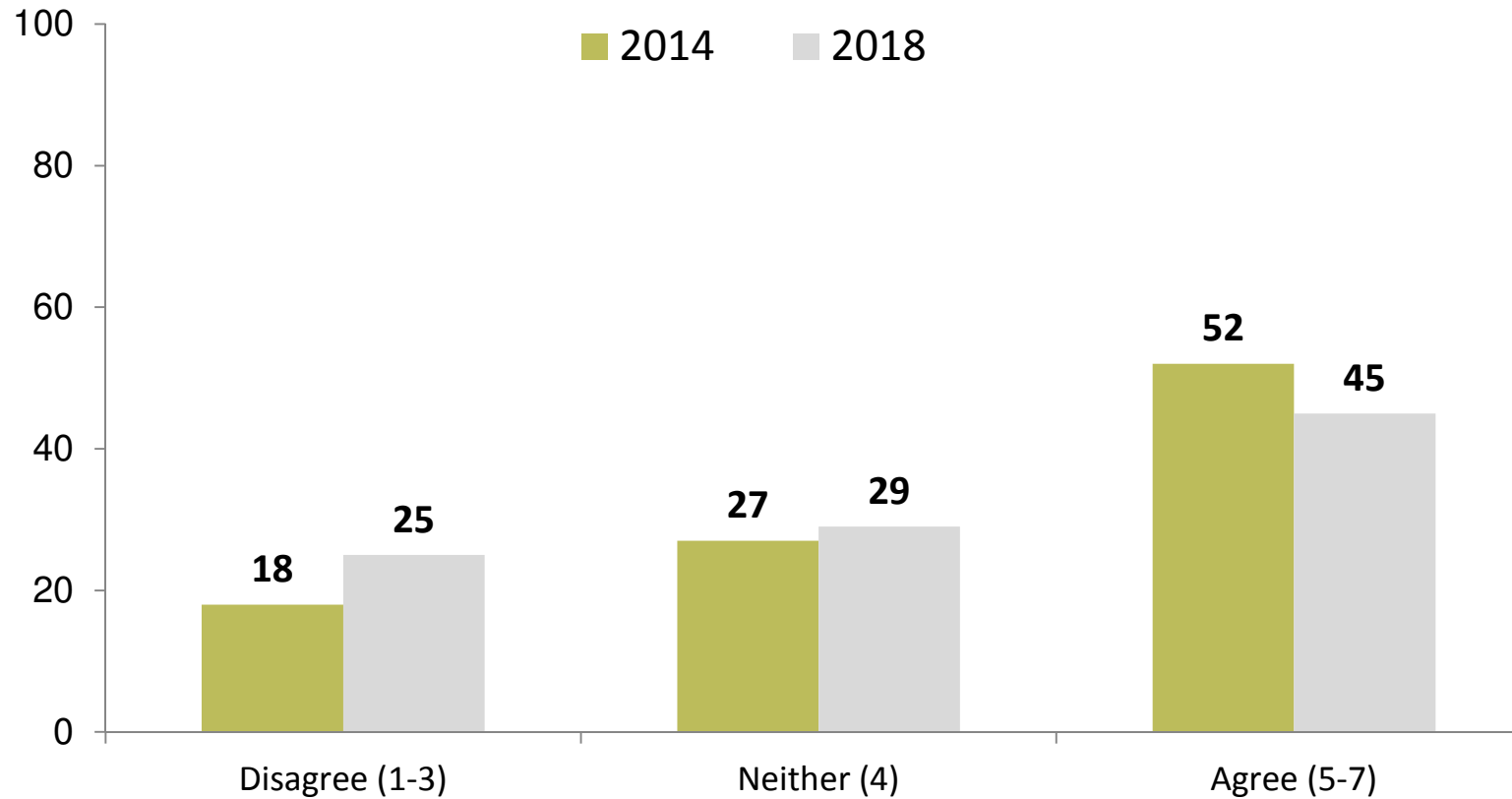
Whether for good or bad, new technologies are currently having a disruptive impact on my industry



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Business model

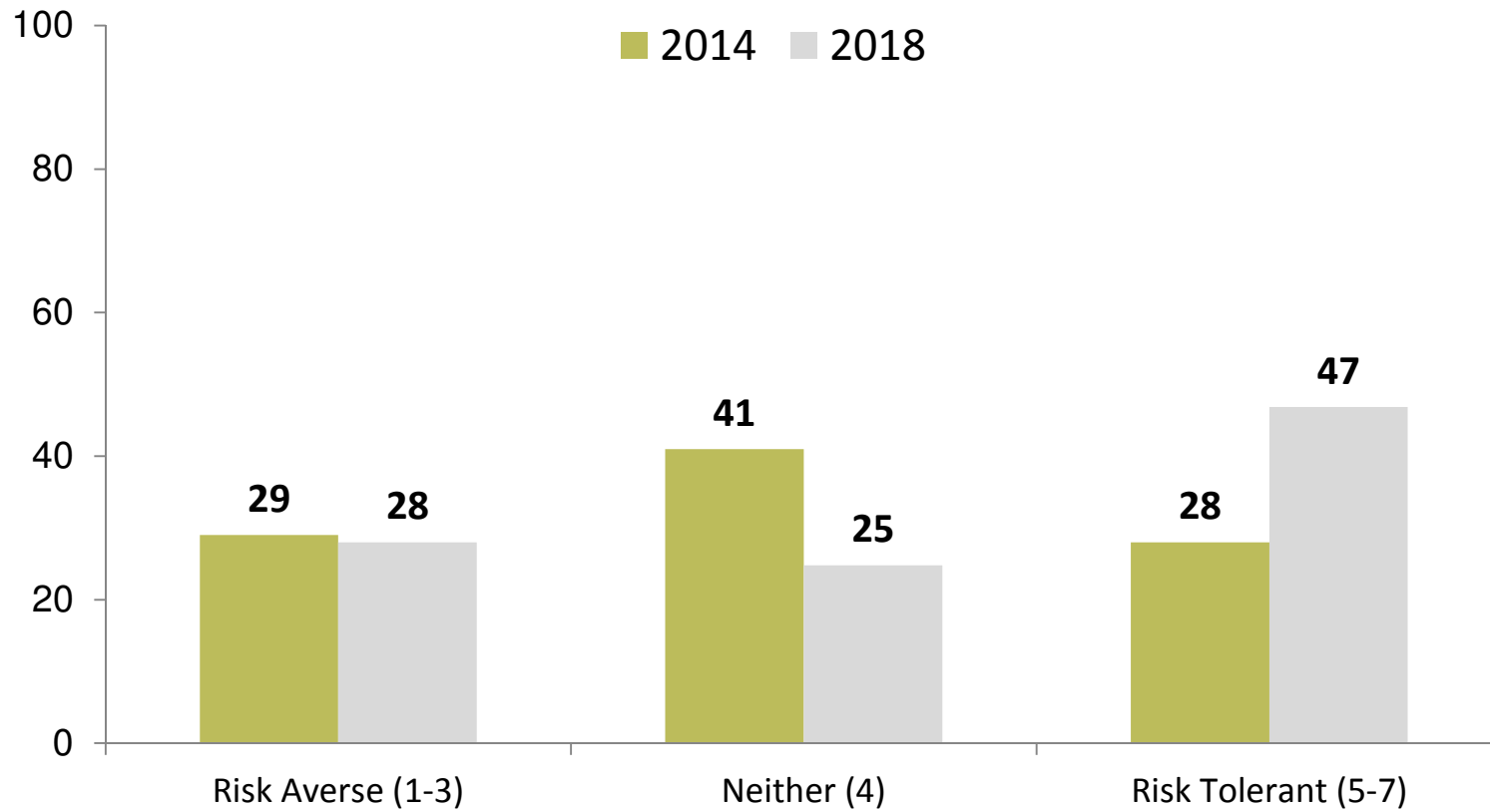
A core component of my organization's strategy is proactively and substantially changing our business model



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Risk Tolerance

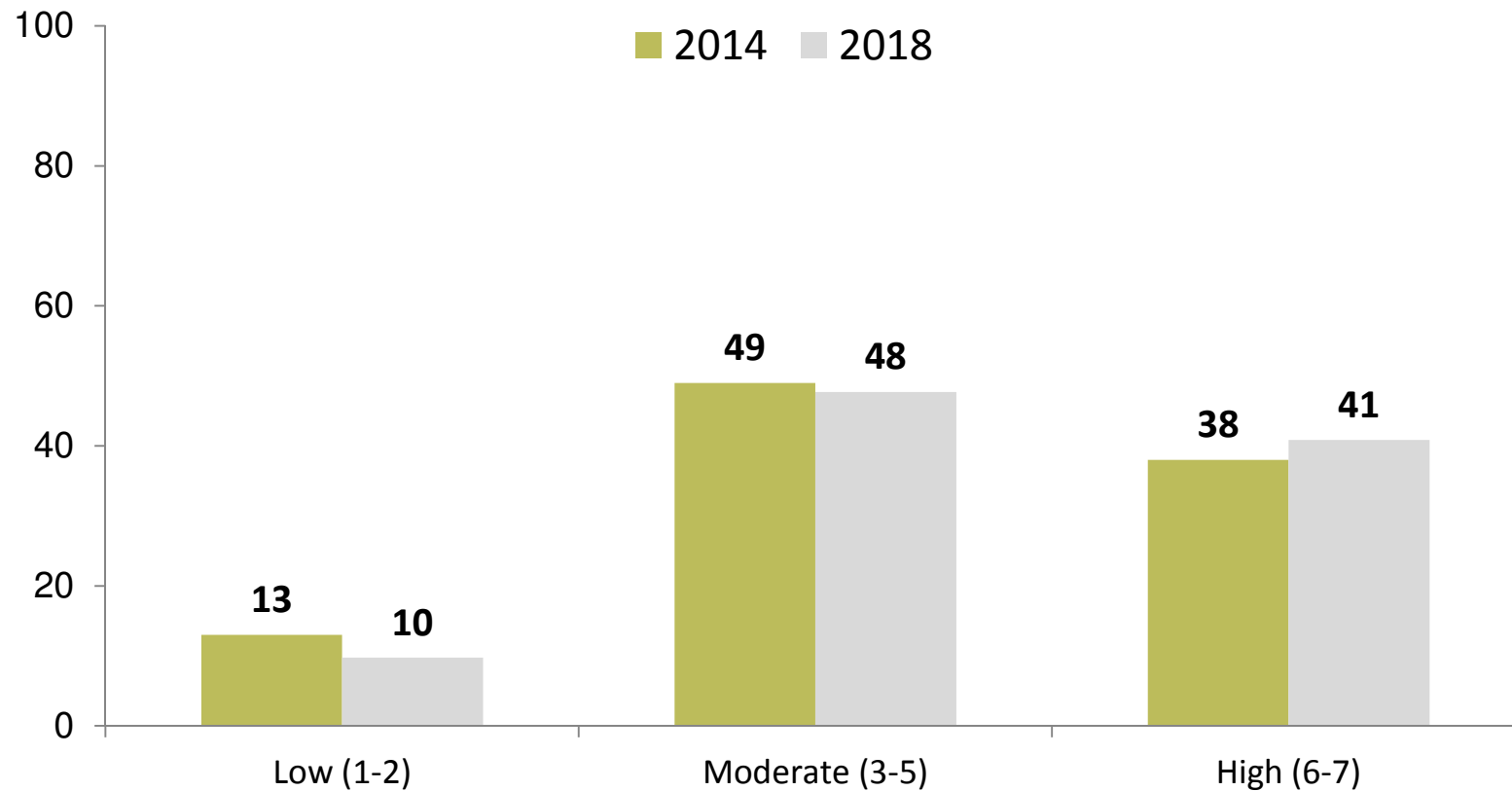
Overall, what is your organization's level of risk tolerance?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Government Regulation

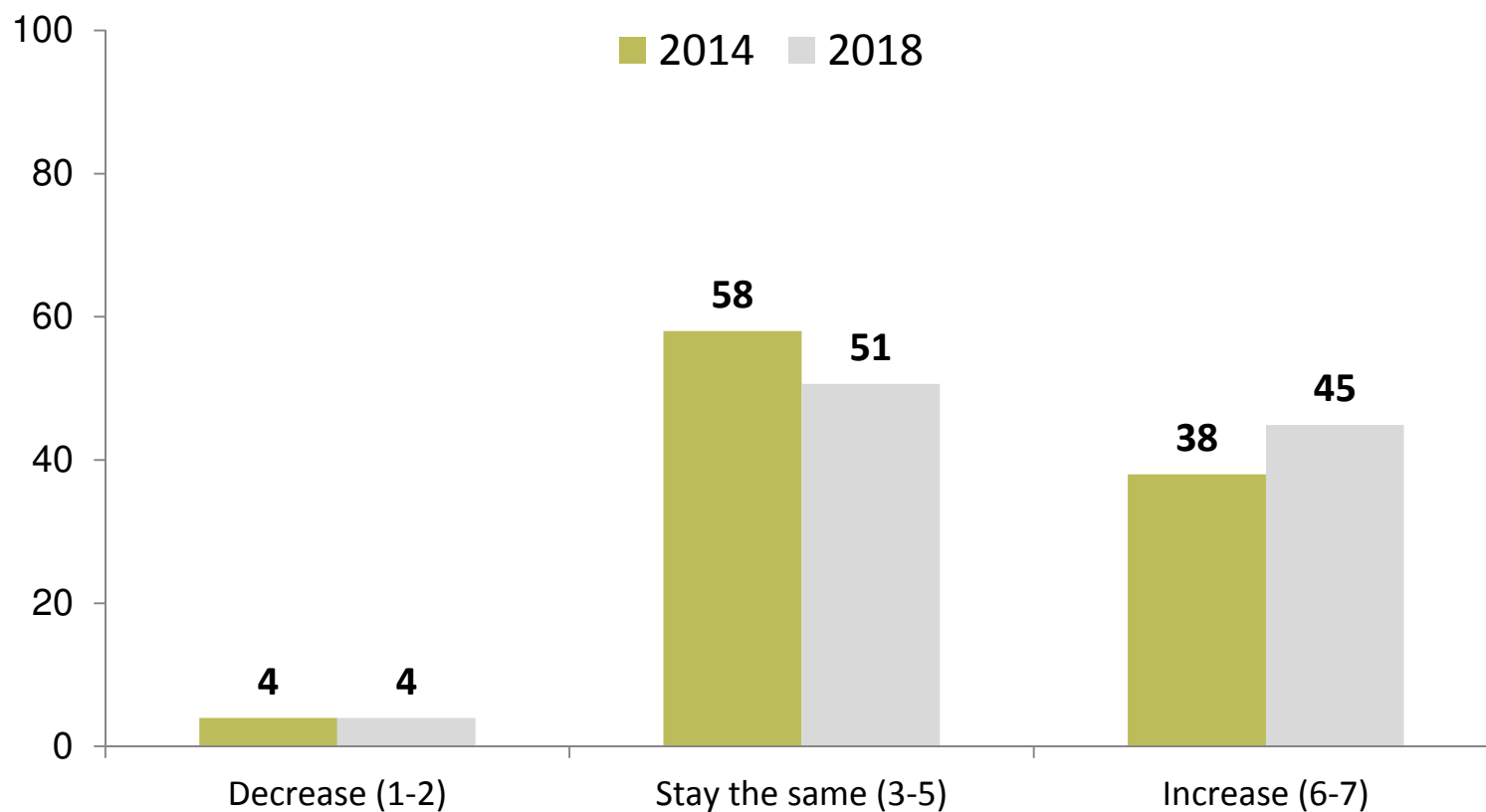
How would you rate the burden of government regulation on your organization?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Pace of Change

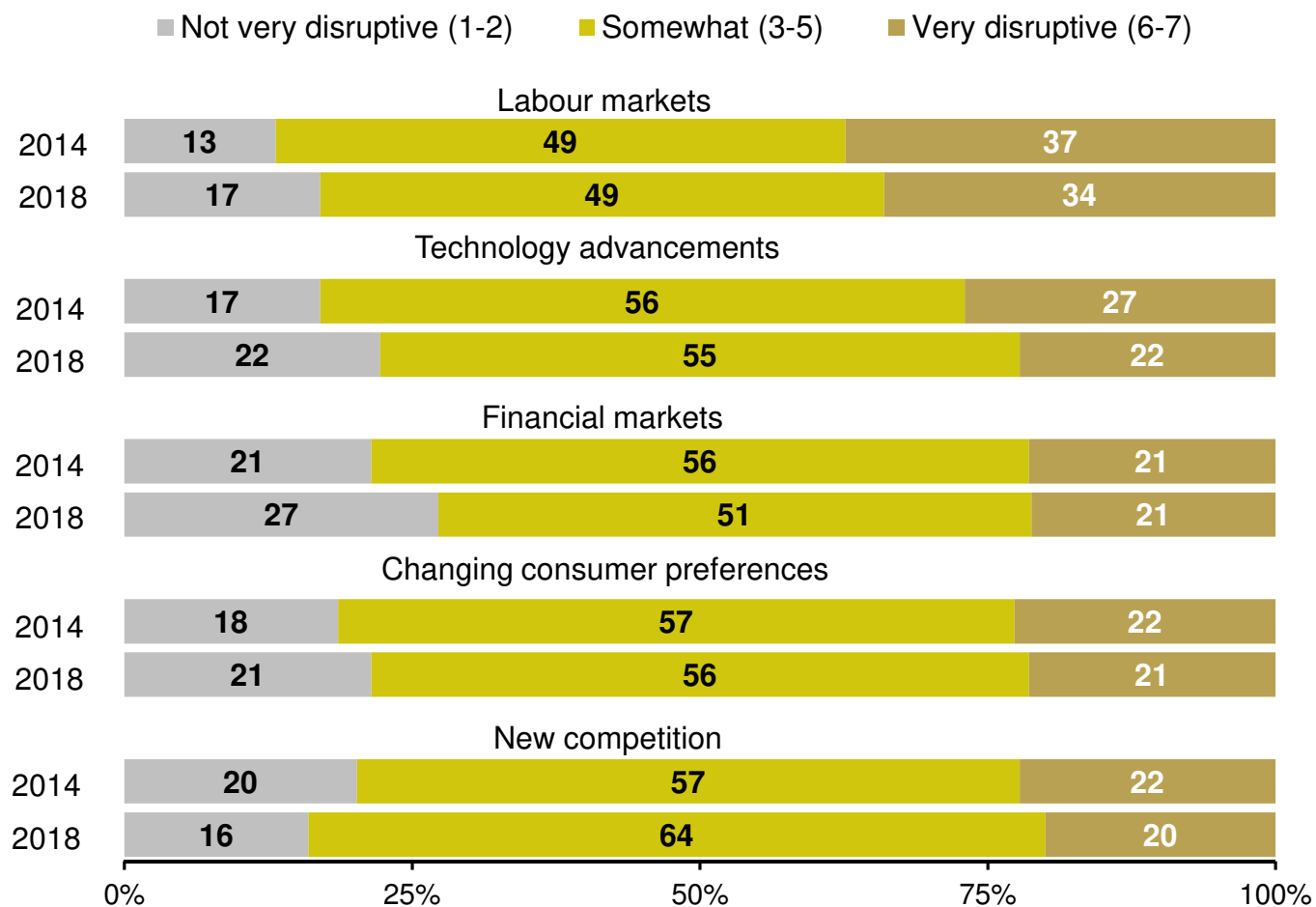
Do you think the pace of change in your industry will increase, decrease or stay the same when compared to the past 5 to 10 years?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Disruptive forces

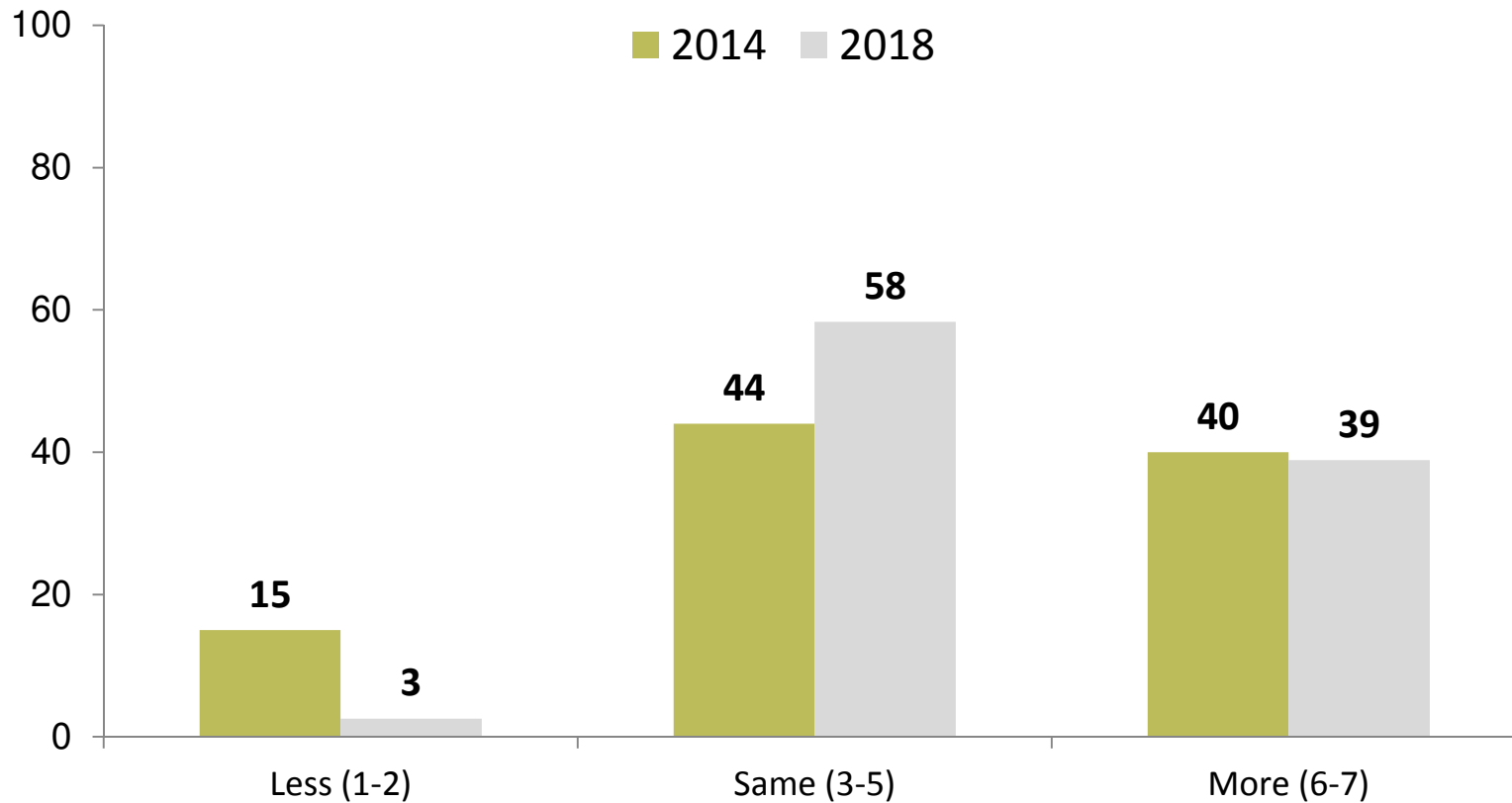
In general, how disruptive are each of the following to your organization?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Future technology disruption

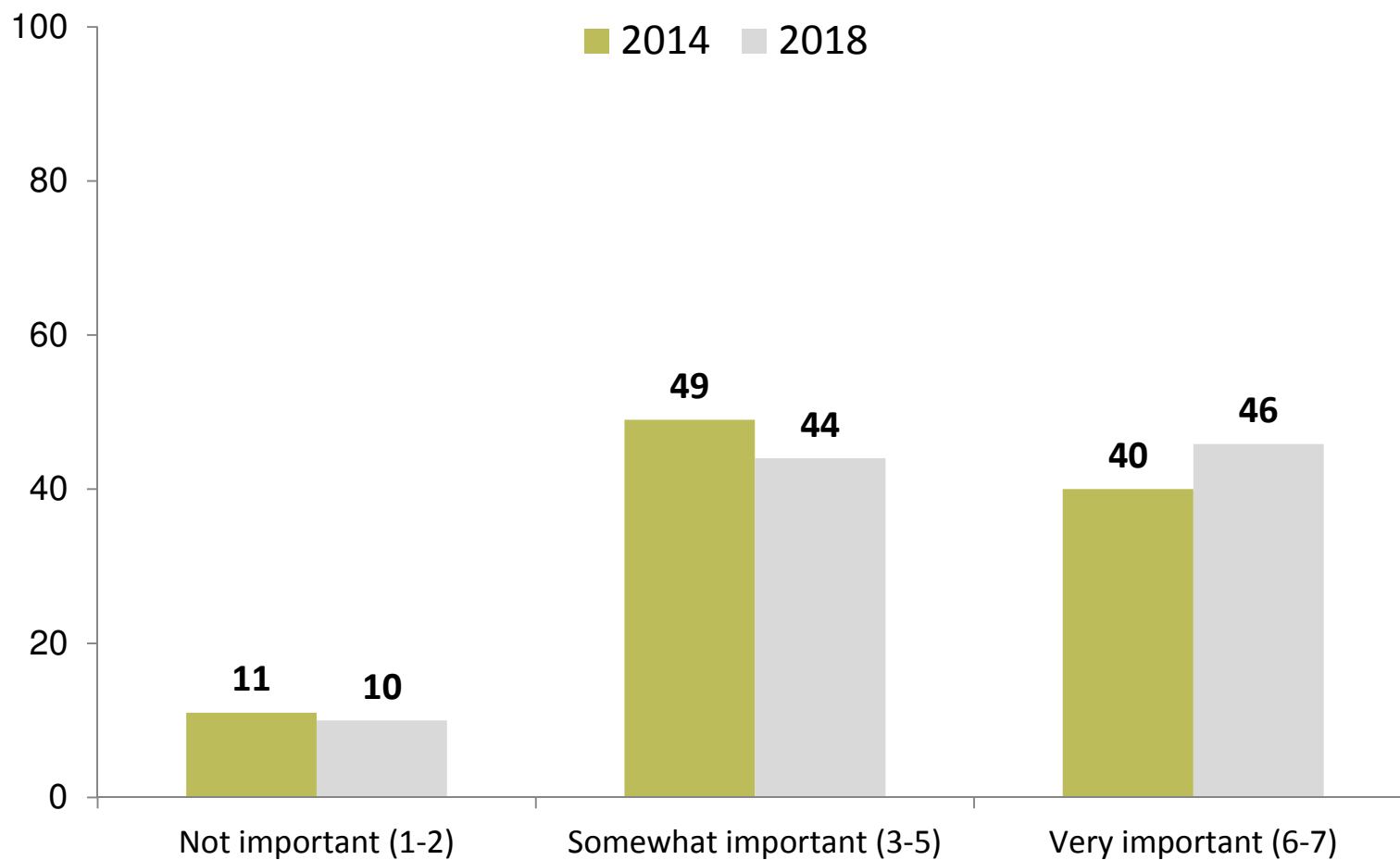
In general, do you think the impact of new technologies on your industry is going to be more or less disruptive over the next 5 to 10 years than it is today?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Innovation and business strategy

How critical is innovation to your organization's business strategy?

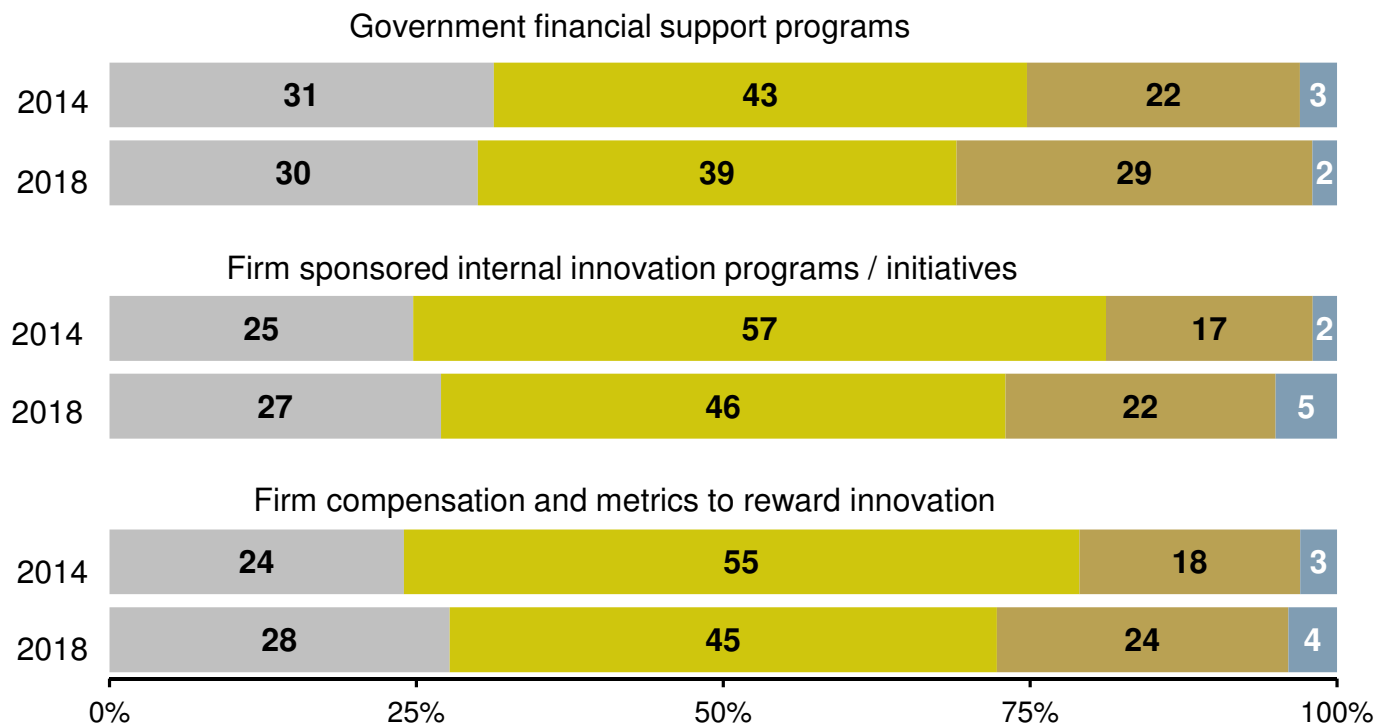


Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Encouraging Innovation 2014/2018 (slide I)

Please indicate whether or not you think each of the following programs and practices encourage innovation within your organization.

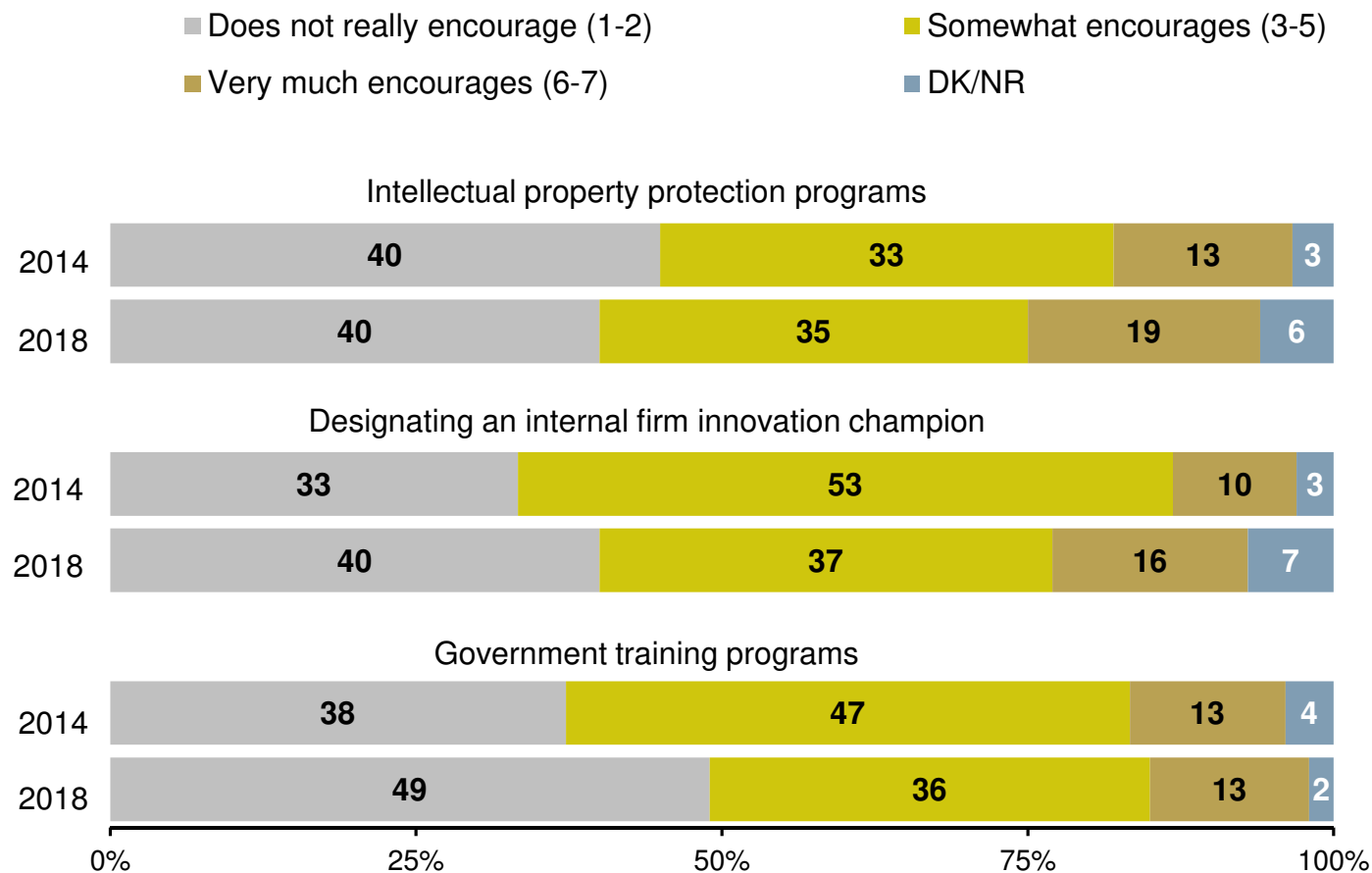
- Does not really encourage (1-2)
- Somewhat encourages (3-5)
- Very much encourages (6-7)
- DK/NR



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Encouraging Innovation 2014/2018 (slide II)

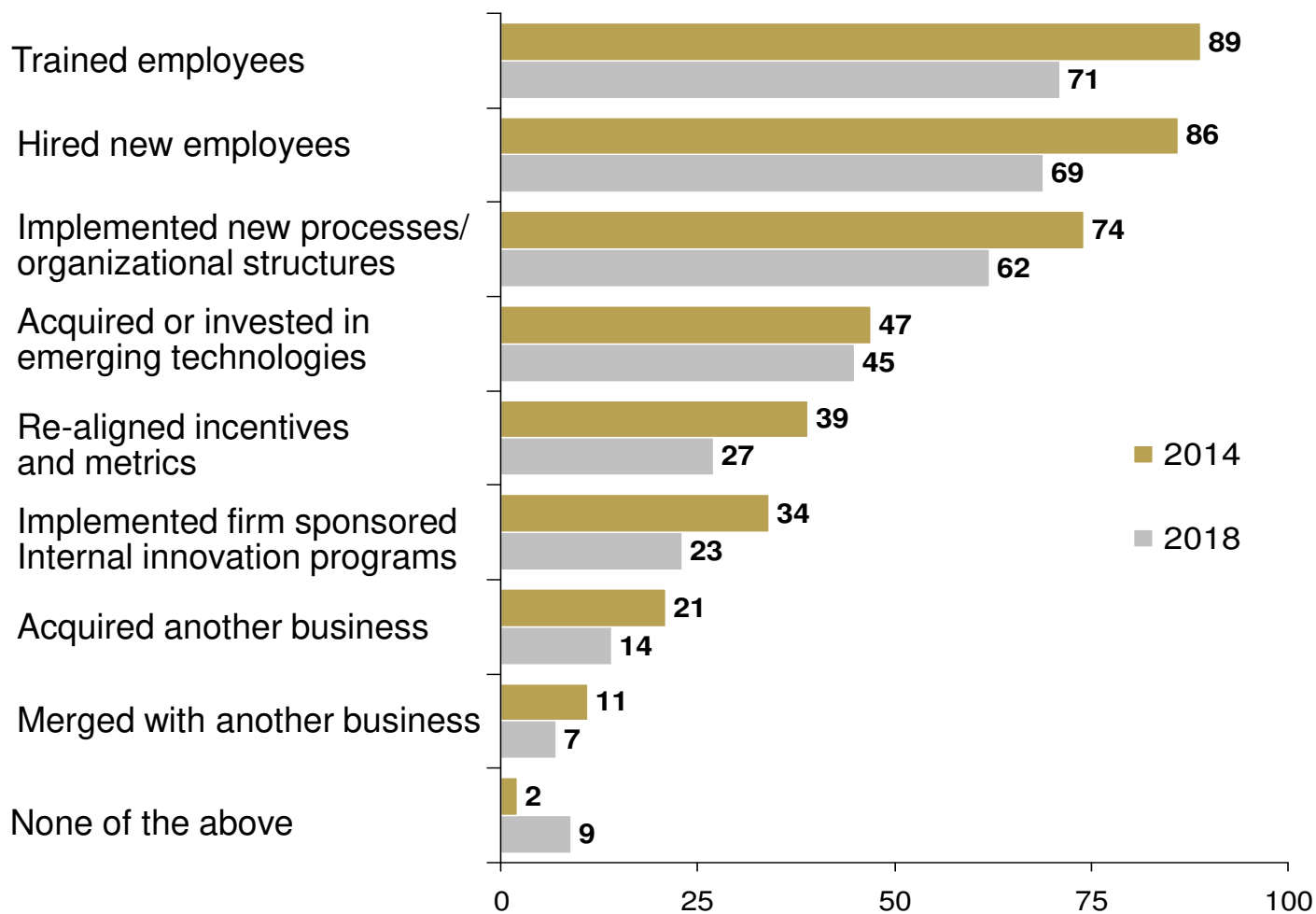
Please indicate whether or not you think each of the following programs and practices encourage innovation within your organization.



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Enabling innovation

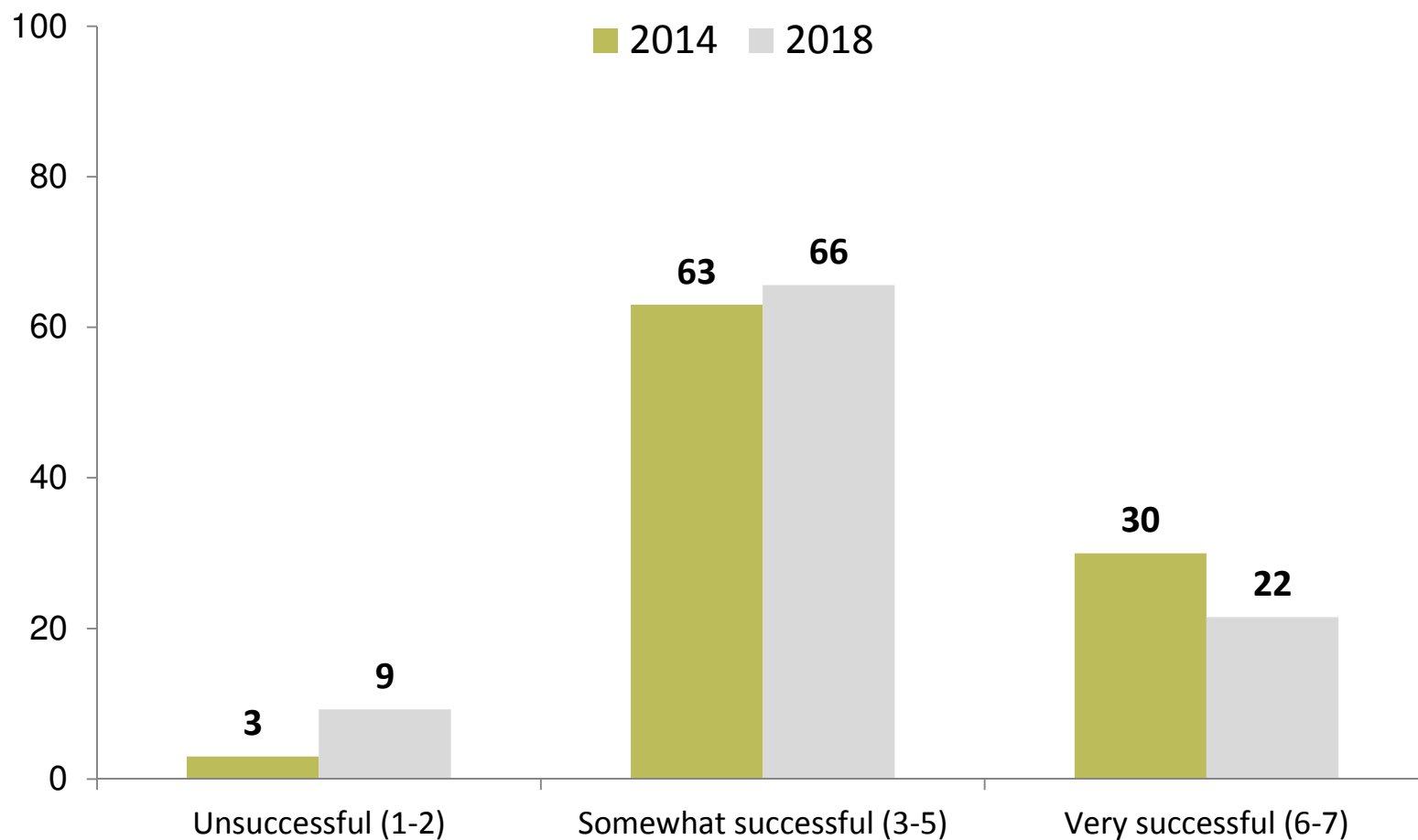
In the past 5 years, has your firm participated in any of the following actions to enable innovation?
(Multiple responses allowed)



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Innovation success

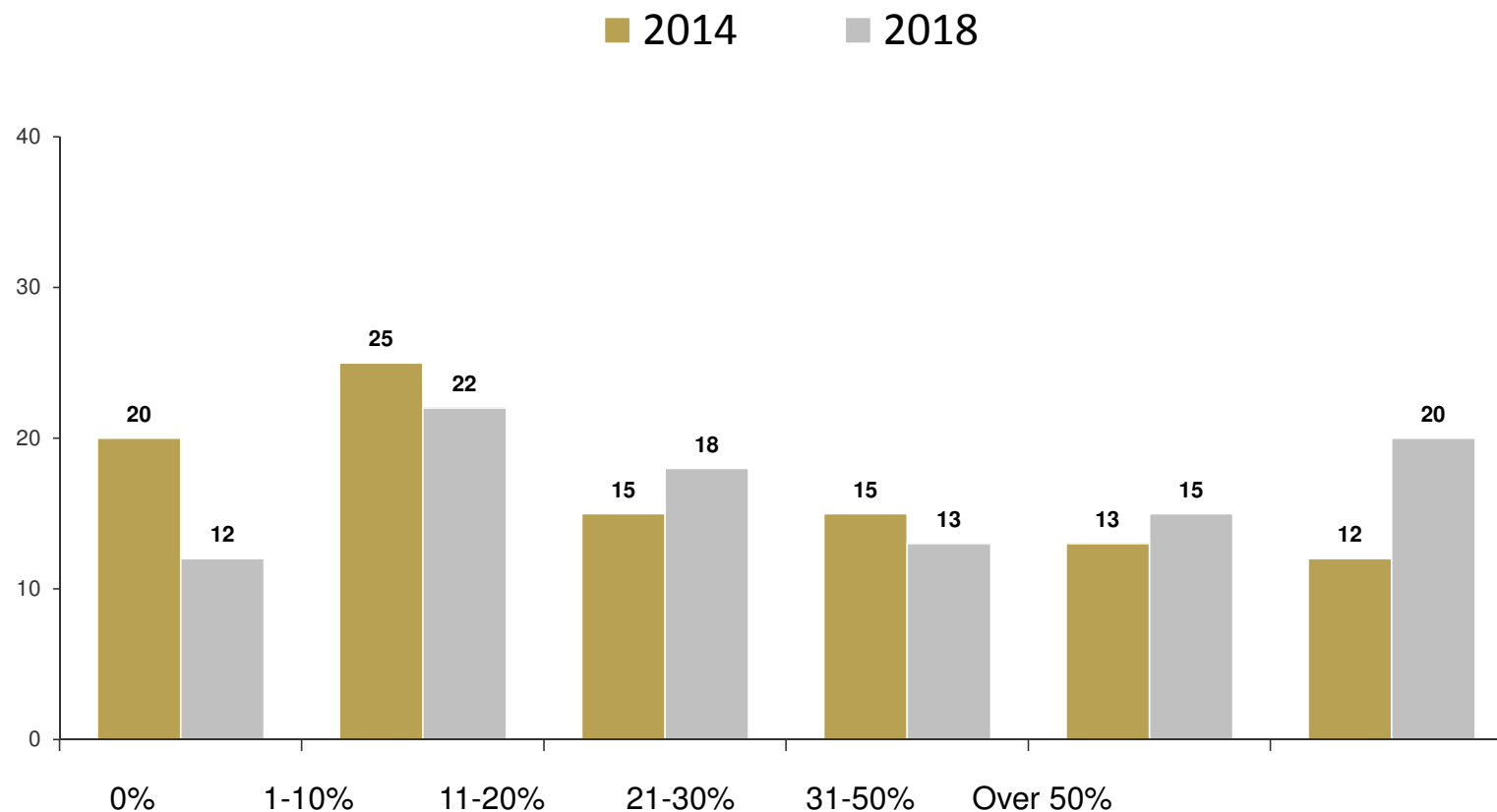
How successful has your organization been in sustaining innovation to enhance its competitive position?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Innovation revenue*

Over the past 5 years, approximately what percentage of your organization's revenues has been generated by new products or services?

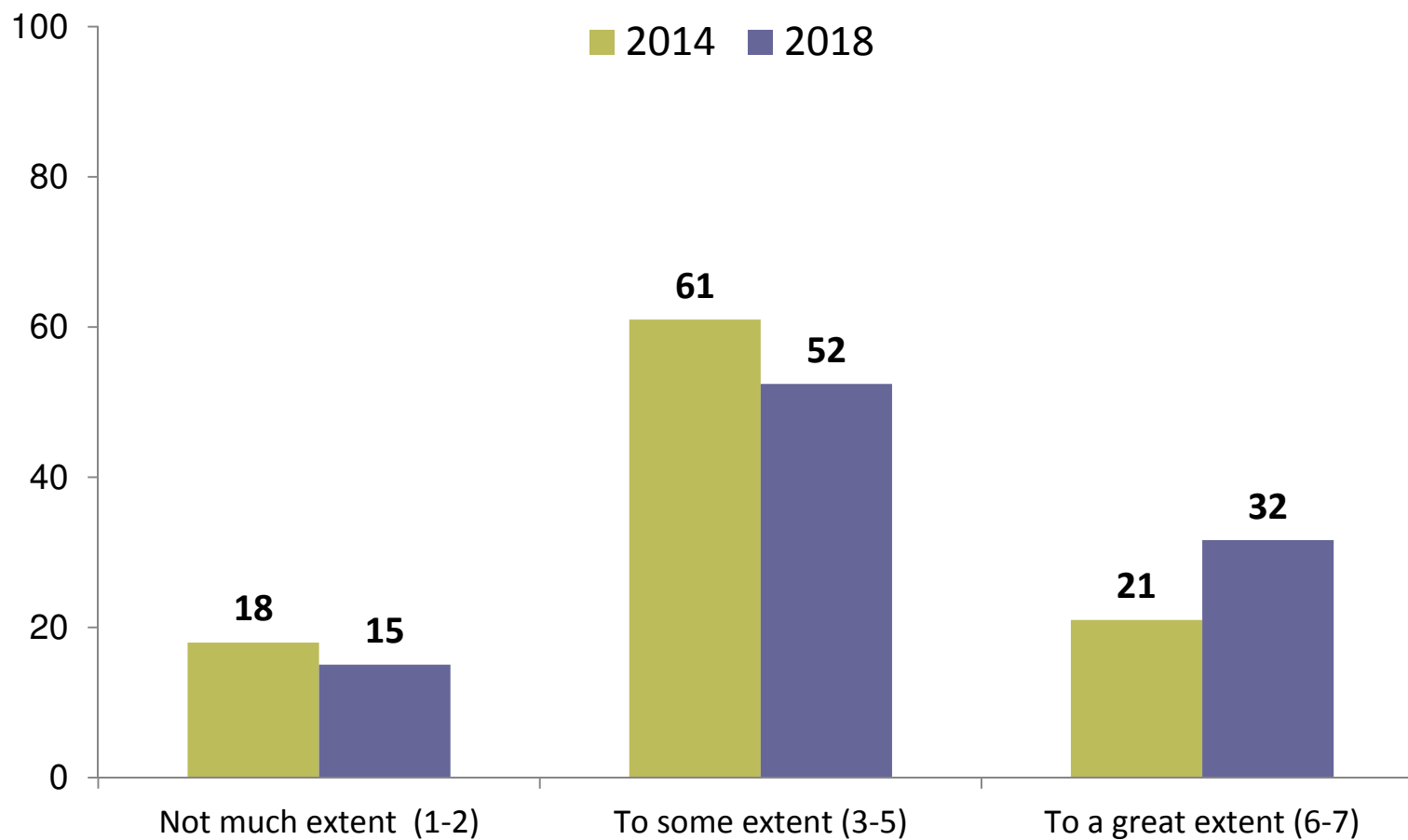


***NR EXCLUDED**

Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Technology investment

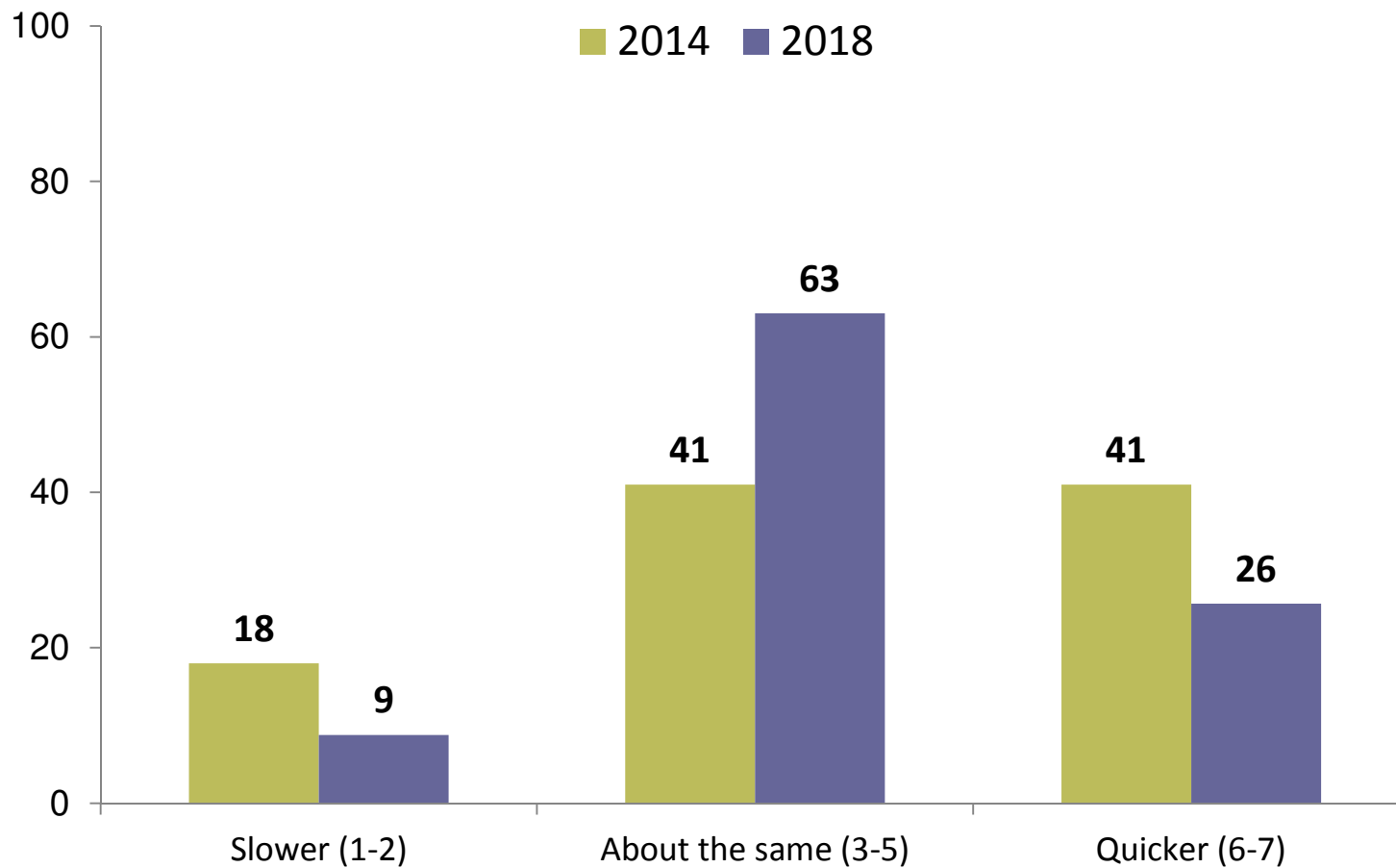
Over the past 5 years, to what extent has your organization invested in adopting and developing new technologies?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Speed of adoption

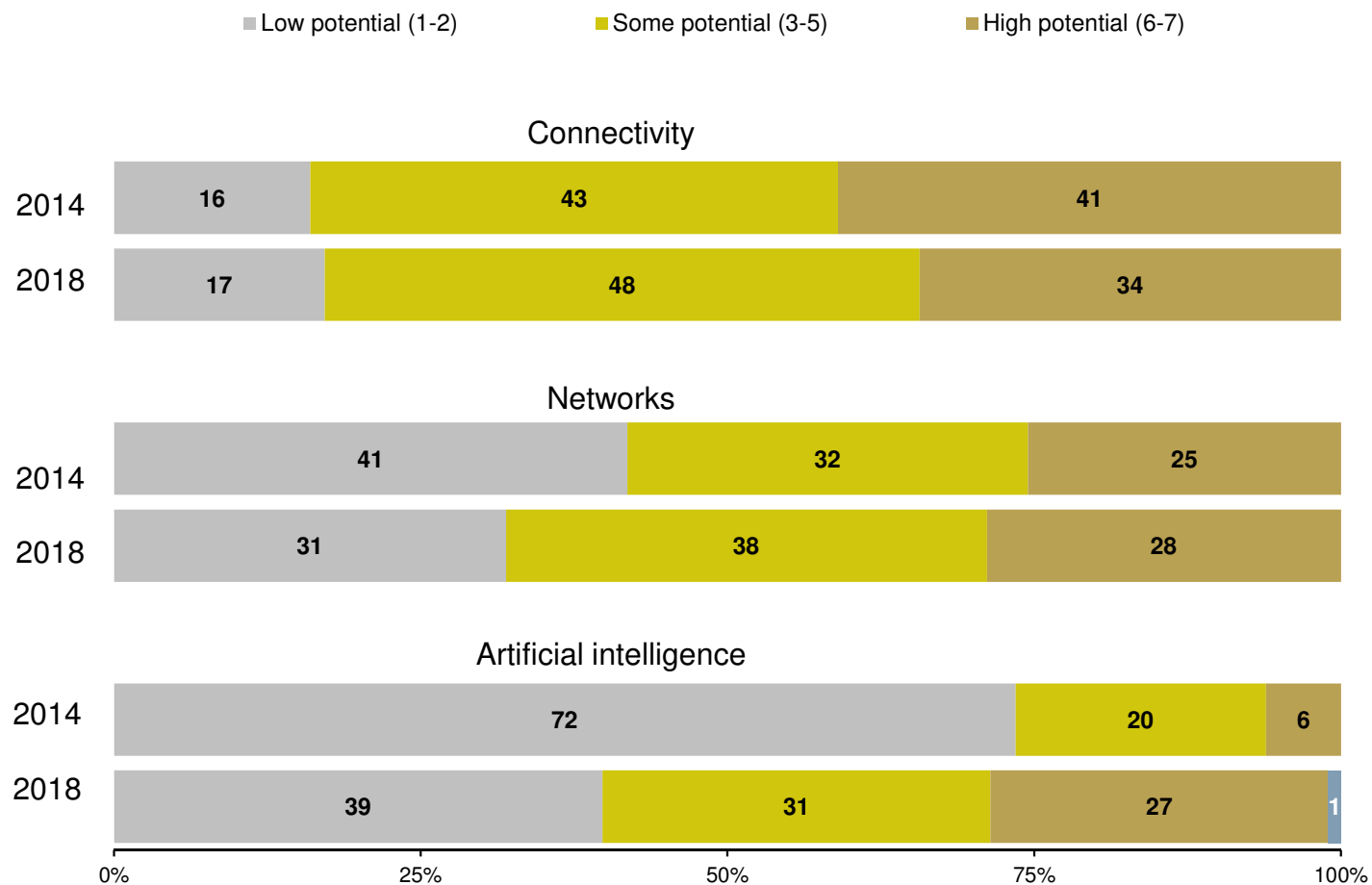
How quickly does your organization typically adopt technologies and best practices relative to your peers?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Potential disruptive technologies I

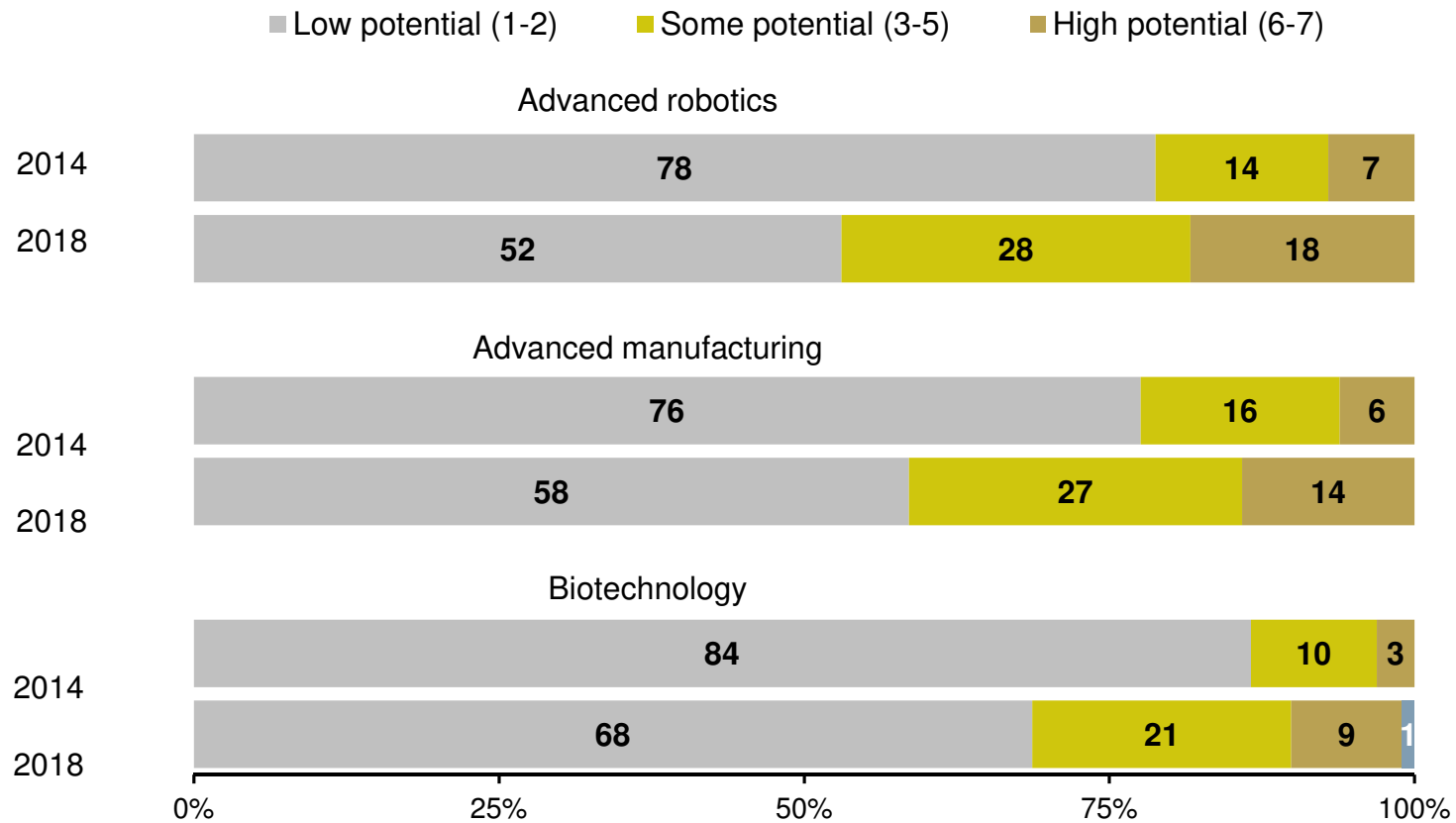
What potential does each of the following technologies have to disrupt your industry over the next 5 to 10 years?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Potential disruptive technologies II

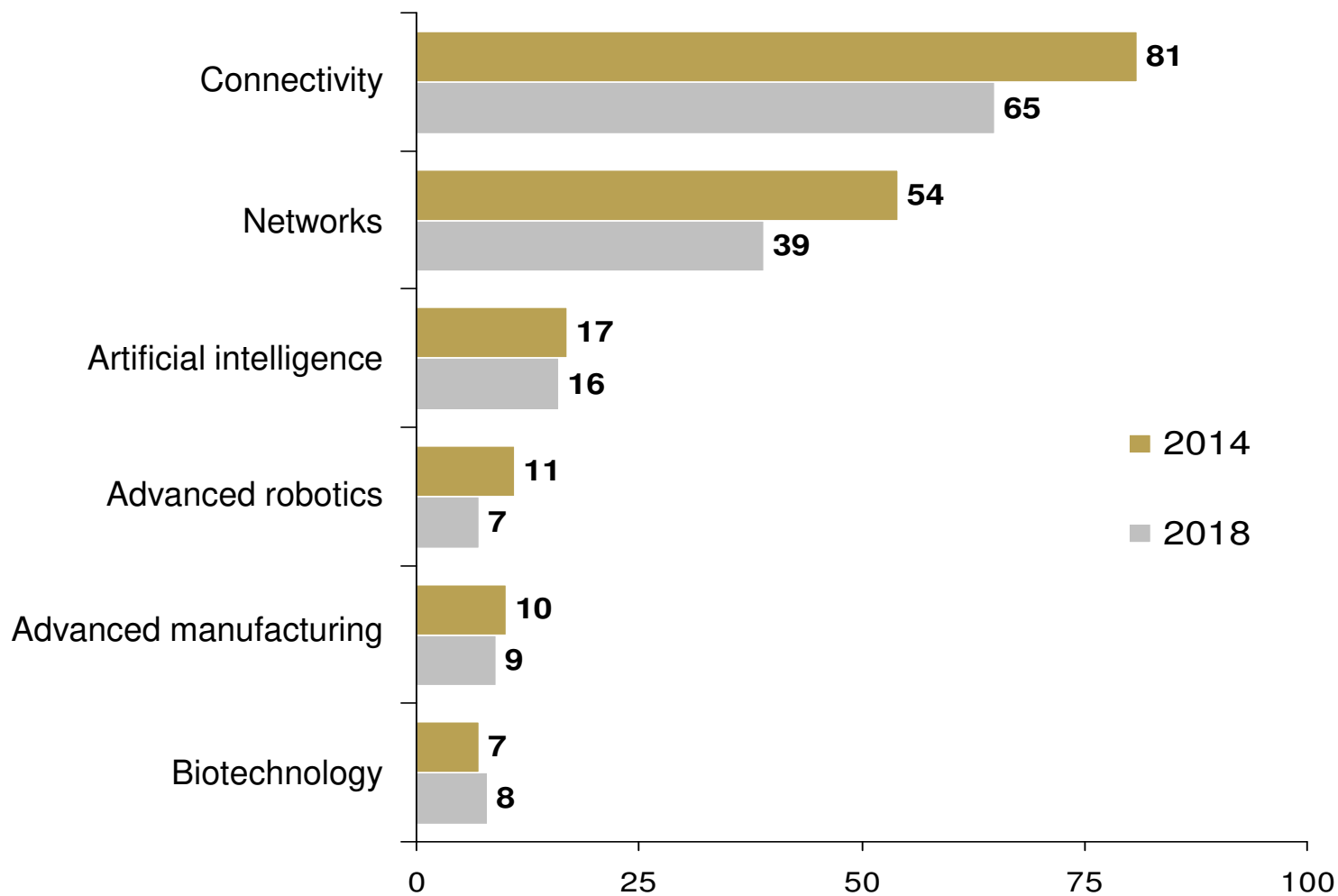
What potential does each of the following technologies have to disrupt your industry over the next 5 to 10 years?



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Use of new technologies

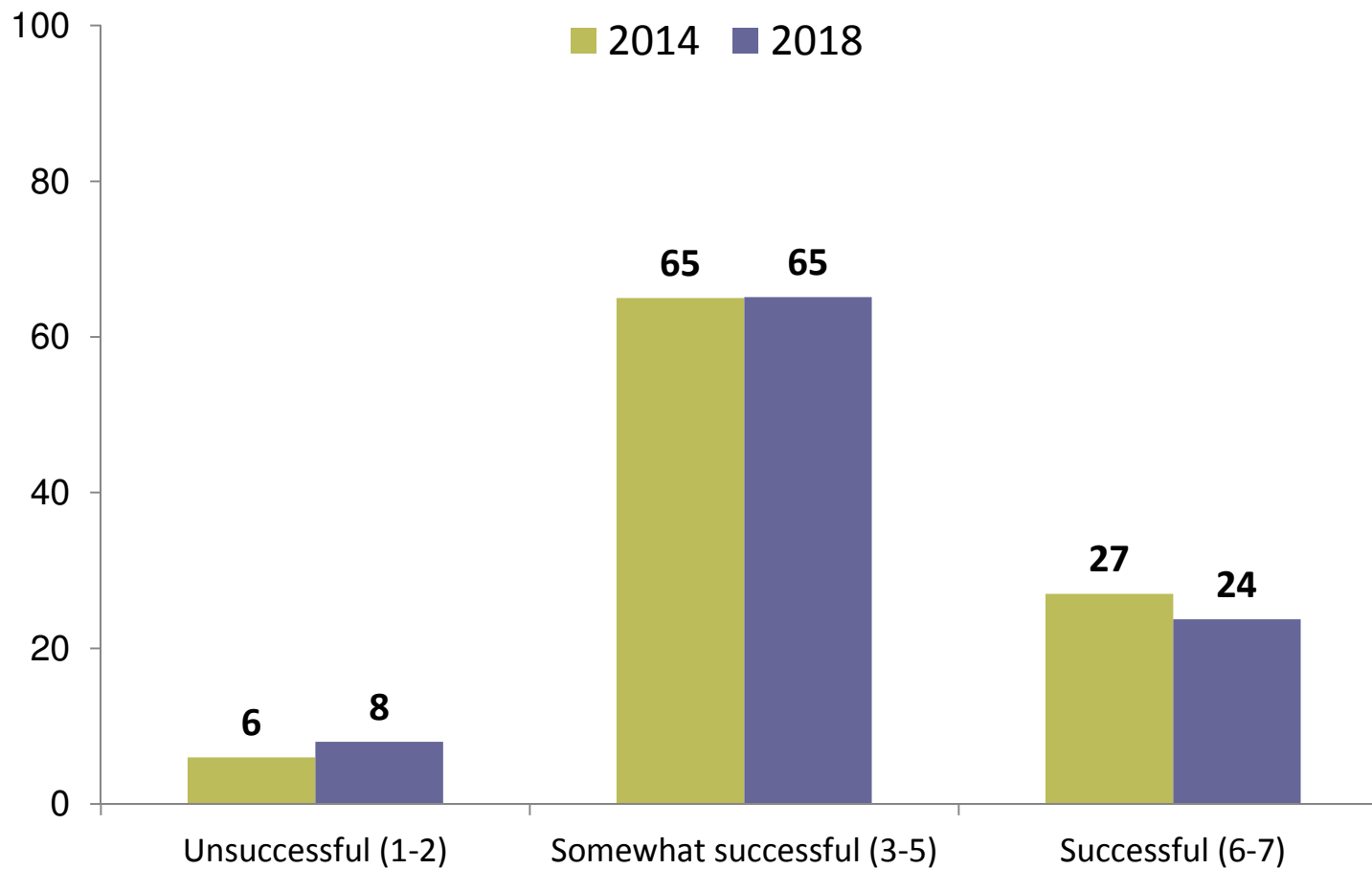
Has your organization used any of the following types of technologies over the past year?
(Multiple responses allowed)



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Technology integration

Overall, how successful has your organization been in integrating new technologies?

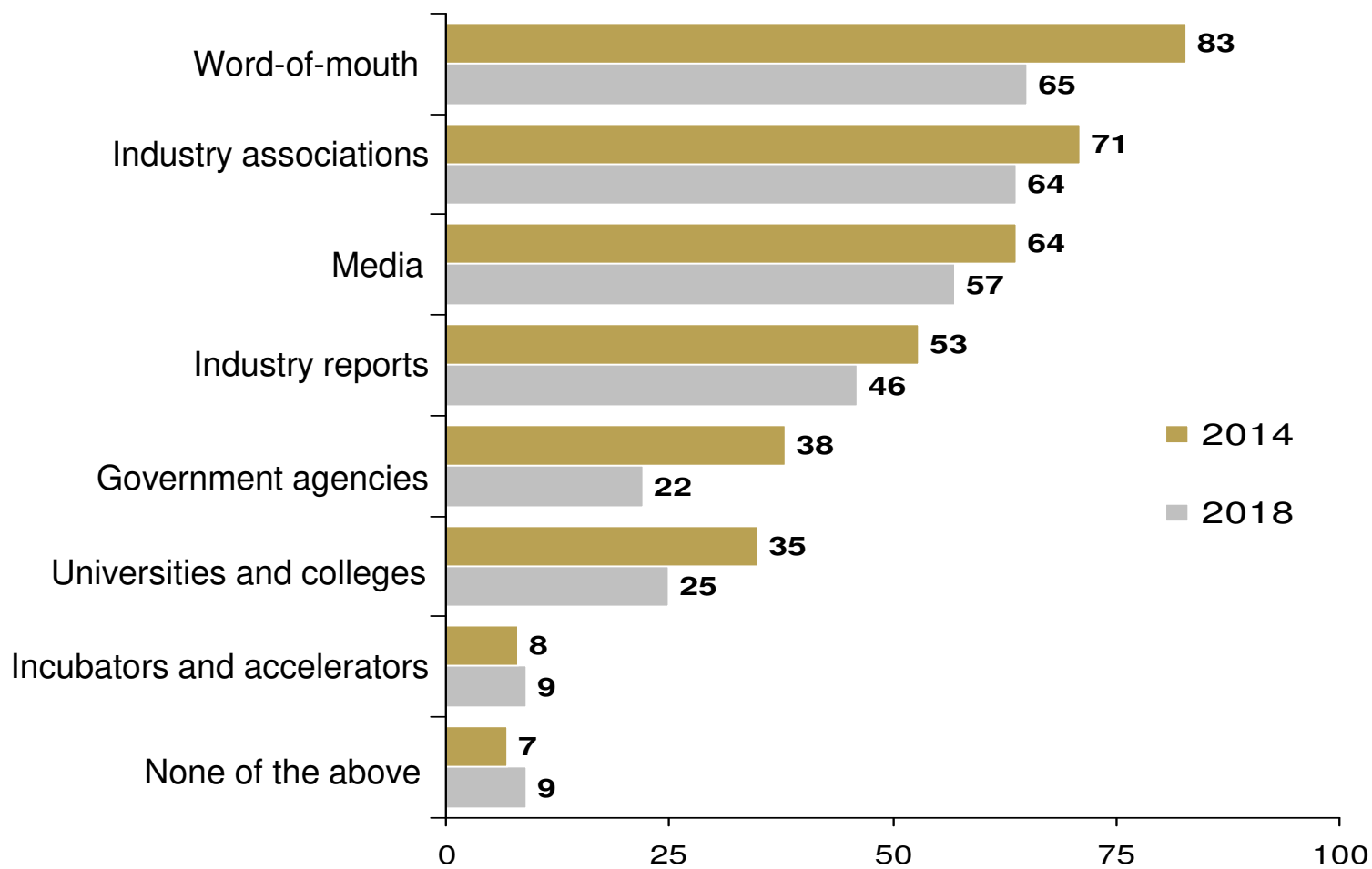


Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Information on technology

Does your organization's strategic planning process use any of the following sources of information to learn about advances in technology?

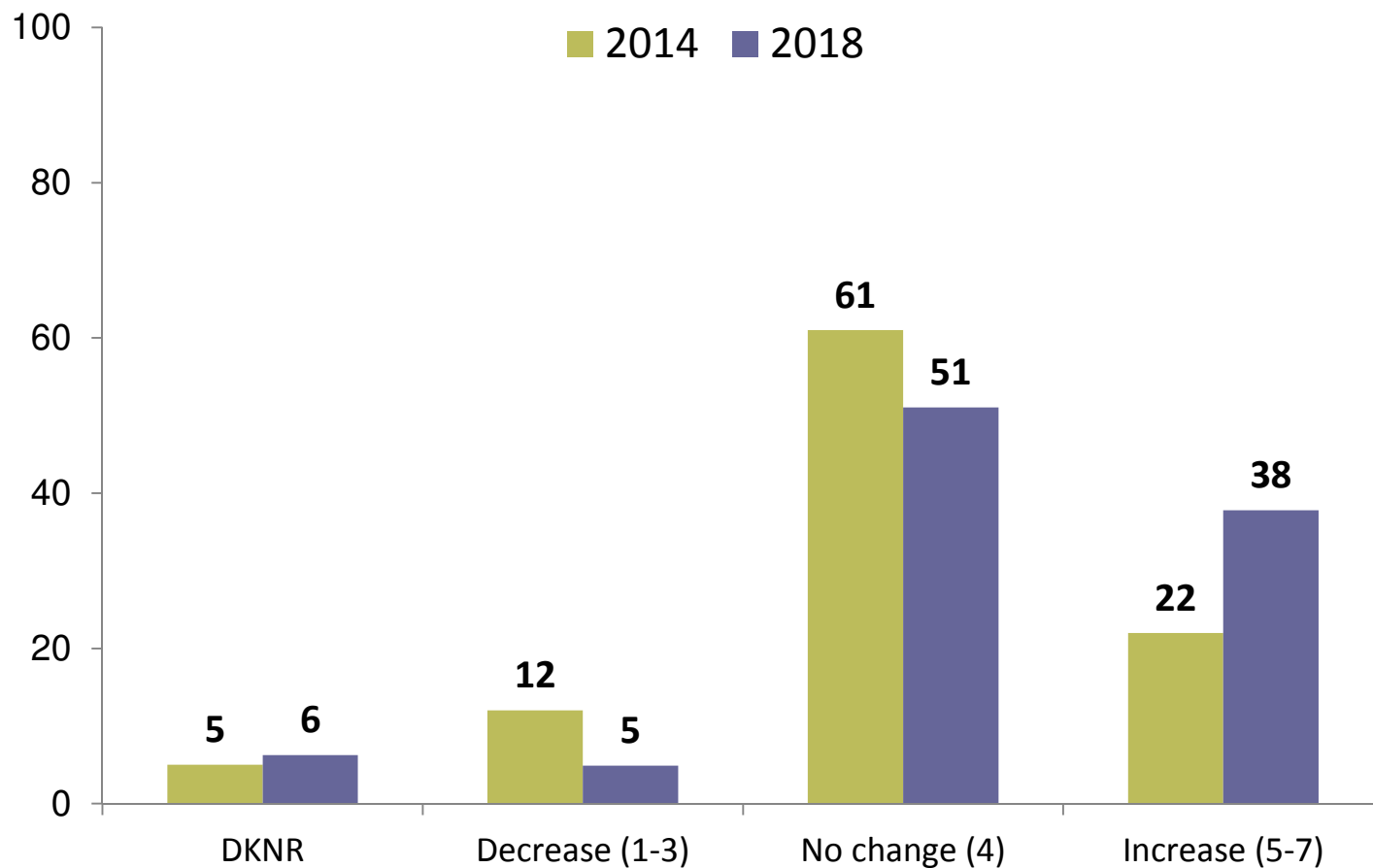
(Multiple responses allowed)



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Panned R&D Spending

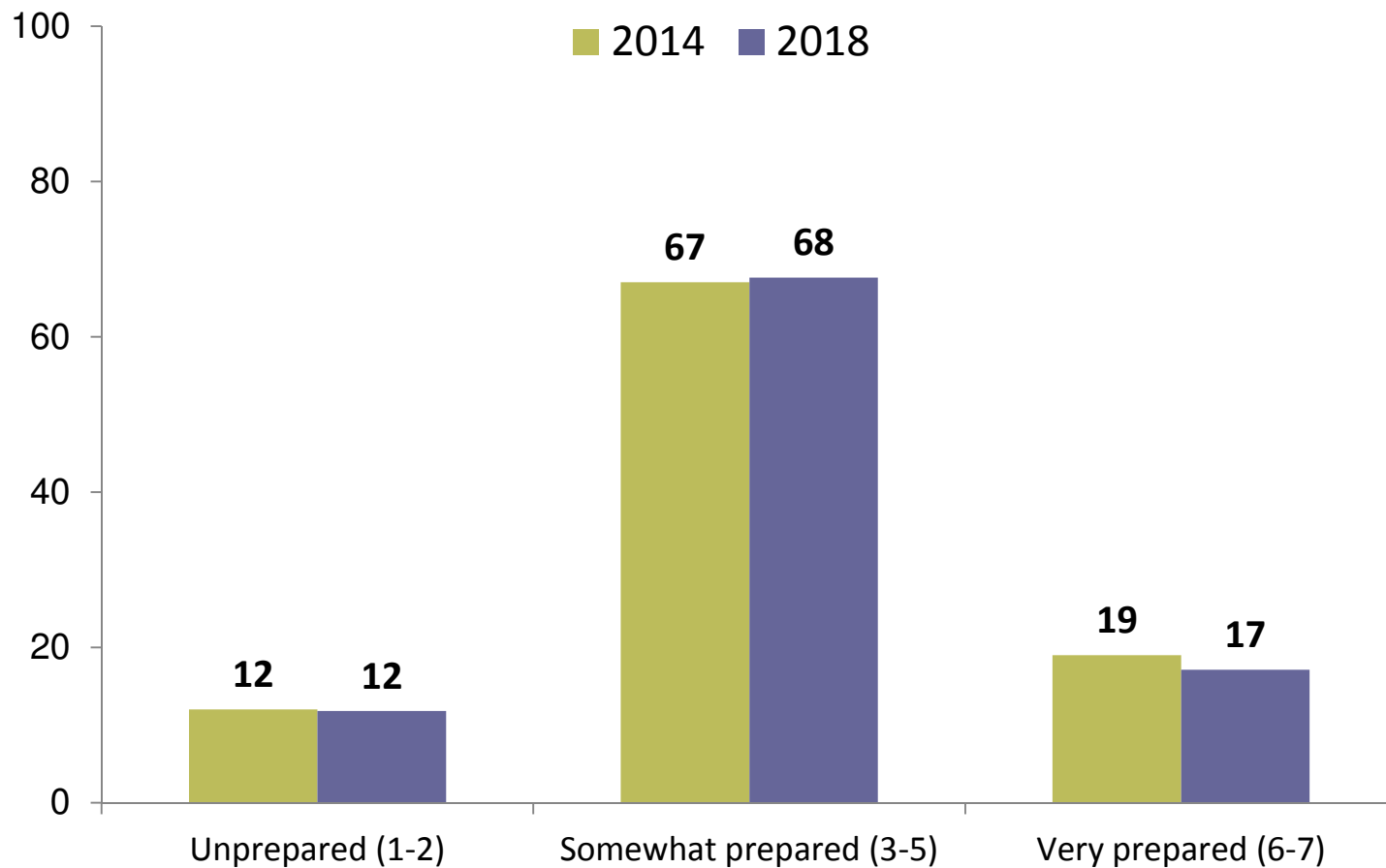
Does your organization plan to increase or decrease its spending on research and development over the next 5 years?



Base: 2018 (n=769); 2014 (n=750); percentages; weighted by company size and region; totals may not add due to rounding/NR

Prepared for disruption

Overall, how prepared is your organization for disruption caused by new technology being introduced in your industry?



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