

WHAT:

Digitalization, virtualization, the Internet of Things, and real-time data analytics are increasingly shaping a new economy often referred to as the Fourth Industrial Revolution. Presently, business is facing increasing challenges on a global scale from changing consumer preferences but also from climate change, water stress, food security and resource scarcity, and creative disruption is underway. How exactly does this new economy emerge and how can opportunities be leveraged to maximize wealth creation and minimize wealth destruction?

The objective of this Roundtable included examining three inter-related topics:

- Identifying emerging business models and their implications for sustainable business strategy.
- Building market-scale collaboration strategies.
- Reviewing the management of system-level risks through new approaches to governance and transparency.

WHO:

The Roundtable was structured to provide a highly interactive process of discussion amongst 40 senior level sustainability experts from 12 industries and nine countries; 60% of participants were from global companies (63% of them WEC members), while 40% were equally split between start-up firms and academic/NGO/think tank experts.

HOST

Marks and Spencer: Mike Barry, Director of Sustainable Business

MODERATORS

Marks and Spencer: Mike Barry

Unilever: Jeff Seabright

WEC: Terry F. Yosie

SPEAKERS

Cork Institute of Technology: Prof. Dr. John Barrett

Jaguar Land Rover: Jonathan Garrett

Novozymes: Claus Stig Pedersen

Ingersoll Rand: Scott Tew

Sedex: Justin Bettey

Shell Foundation: Sam Parker

University of Cambridge: Prof. Dr. Jaideep Prabhu

Volans Ventures: John Elkington

World Economic Forum: Dominic Waughray

MAJOR POINTS OF DISCUSSION:

- (1) A new economy is evolving, driven by technological innovation and new consumer expectations that will affect all industries. The emergence of the Internet of Things (IoT) has begun to simultaneously disrupt and empower existing and new businesses, respectively, through smartly connecting energy systems, developing next generation robotics in manufacturing and service sectors and phasing out traditional technologies such as the internal combustion engine. Consumers will be able to transition from individual cars to interconnected mobility systems, create products from 3-D printers, and improve recycling through smart tags inserted in trash. Conversely, the privacy of data and the risk of its abuse represent a significant challenge.
- (2) New business models are evolving in response to several developments: 1) superimposing the circular economy on a digital world; 2) new innovation concepts arising from emerging economies that are more frugal, adaptive and collaborative; 3) the collapse of traditional business sector boundaries; and 4) the transition from transactional to more strategic collaboration at market scale.
- (3) Innovative start-up firms and social entrepreneurs are a major driver of changing innovation models. They combine technological solutions with new consumer observations linked to addressing societal needs. This adaptive and collaborative approach to innovation (often at a lower cost) will directly test the flexibility of western companies, which have relied upon more research and capital intensive investments to initiate and market innovations.
- (4) Changing consumer values are de-emphasizing the primacy of traditional brands in favour of brands that are shareable or linked to a business purpose that integrates social outcomes (e.g., public health, empowerment, environmental protection). As the consumer marketplace becomes “the crowd,” brands are being re-purposed and built around the expectations of the crowd. This transition also contains inherent risks given the potential for misinformation communicated through social media and the lack of effective accountability protocols for ensuring data accuracy.
- (5) Business and civil society face increasing system-level risks from failure of climate change mitigation and adaptation, water crises, large-scale involuntary migration, and the collapse of states. These and other risks are intertwined and possess root causes which are often the same for many outcomes. While awareness of systemic risks continues to grow, there are major structural barriers to resolving them. These include: 1) public policy assumes that externalities should be managed rather than prevented; 2) there is no collaboration protocol to enable the sharing of emerging technologies to address system-level risks or to evaluate technologies that are most risky or socially beneficial; and 3) no institution is currently incentivized to build a new governance model for system-level risks.
- (6) The adoption of the UN’s 2030 Agenda with its Sustainable Development Goals (SDGs) is especially valuable. For the first time, this framework provides a more comprehensive way of thinking about system-level risks and opportunities as a guide to business and government planning and reporting.