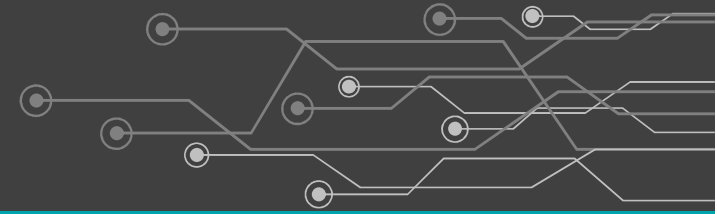


**What will
Governance
look like in the
future**

**Good Governance
Summit**

Pointers



1

What is driving
the case for
change

2

Megatrends

3

The Essence

4

Approach

Content

5

Questions

6

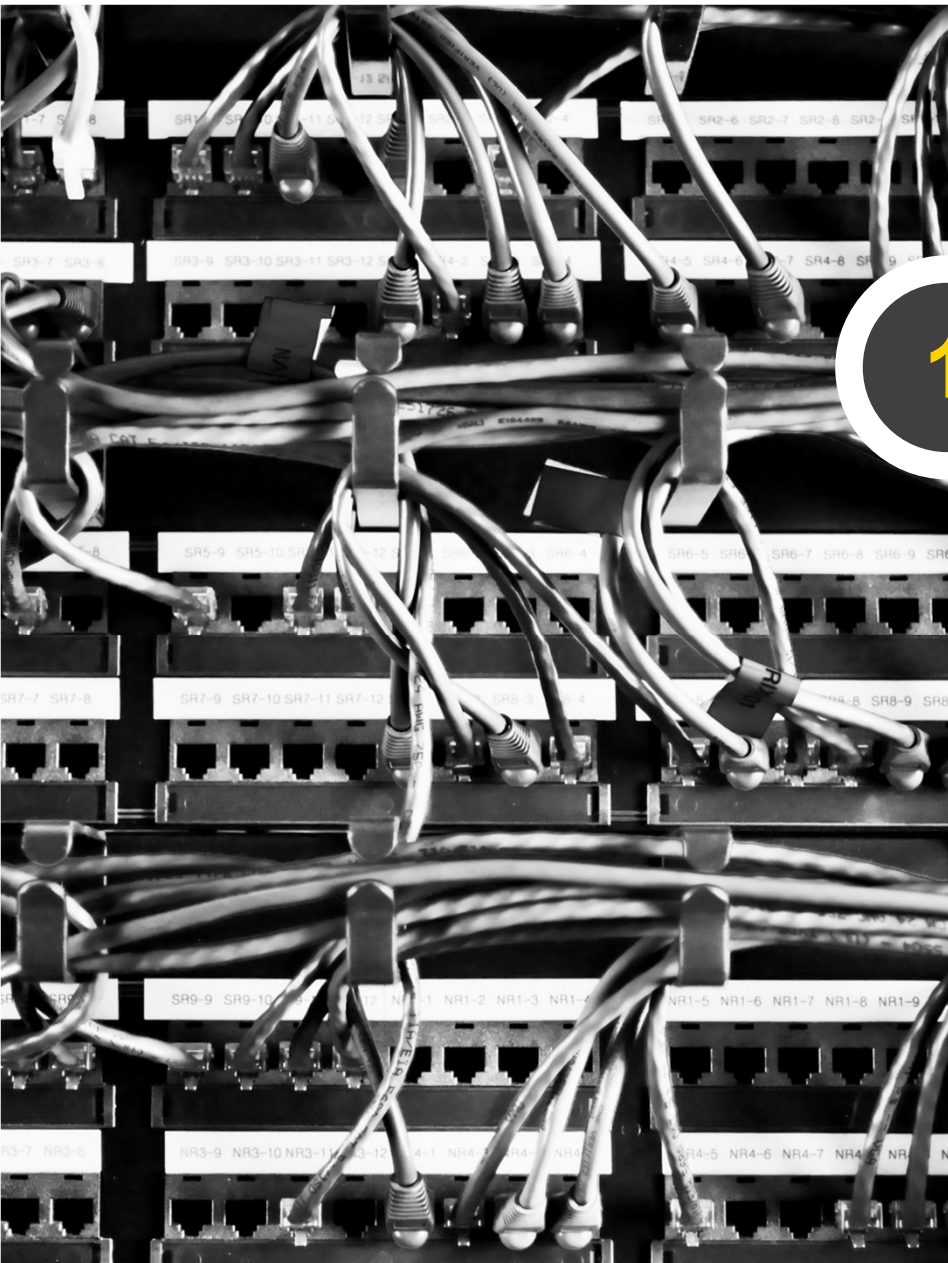
Insights

7

Mobile

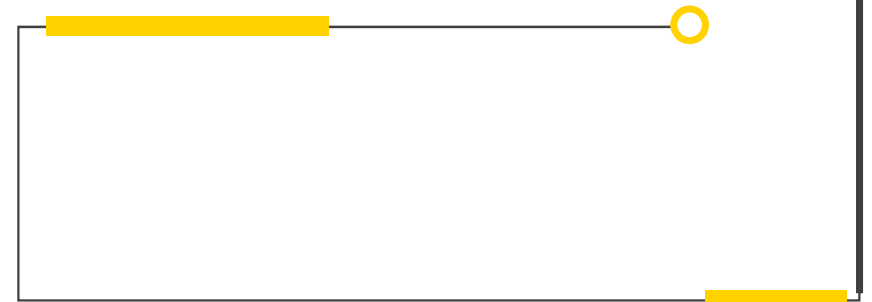
8

Quote



What is driving the case for change?

1



- 1 Organizations are managing evolving consumer expectations, new partnerships, dynamic ecosystems, changing industry boundaries, disruptive business models and new competitive domains.
- 2 Every industry is changing and the **cycles of change are moving ever faster.**
- 3 **Industry convergence** is touching every market segment.
- 4 From technology and climate, to geopolitics and trade, the outside **landscape** is changing dramatically.
- 5 **Operating models are shifting** – employees seek purpose organizations; full time roles are being replaced by gig work; nature of work is changing due to technological advances.



Digital is not just about any one technological advancement. It's about Cambrian explosions, collisions & convergence within sector

AGRITECH



EDTECH



CLEANTECH



New Materials



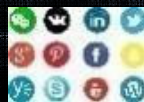
Drones



Blockchain



Social & Gaming



HD Imagery



Advanced Robotics



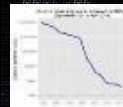
IoT



Cloud Computing



Genomics



Cognitive Computing



Solar & Storage



Processing Power



3D Printing



Quantum Computing



Sensors



Storage



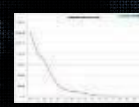
Autonomous vehicles



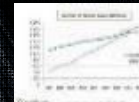
RPA



Bandwidth



Mobile



FINTECH



MEDTECH



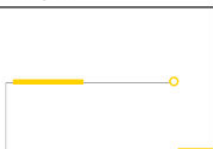
INDUSTRY 4.0





1

What is driving the case for change?



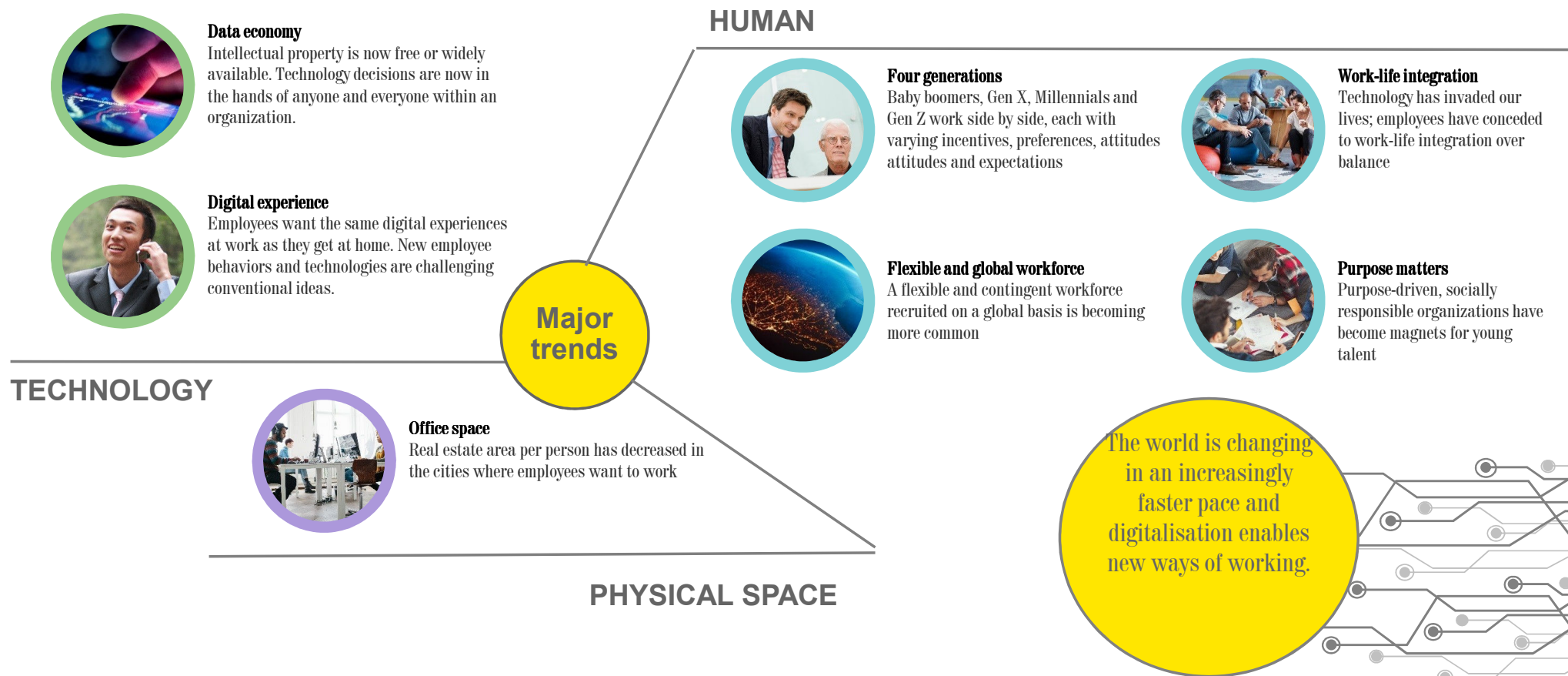
EY

2

Megatrends



Seven mega trends are changing the nature of work today, across all sectors



Digital is the defining megatrend of our time, but the exponential growth has barely begun



100_m

By 2020, the number of consumers who will shop in augmented reality

Today:

"Blockchain is a foundational technology: It has the potential to create new foundations for our economic and social systems." – *Harvard Business Review*



163 zettabytes

By 2025, the amount of data being created every year (one zettabyte = one trillion gigabytes)




25%

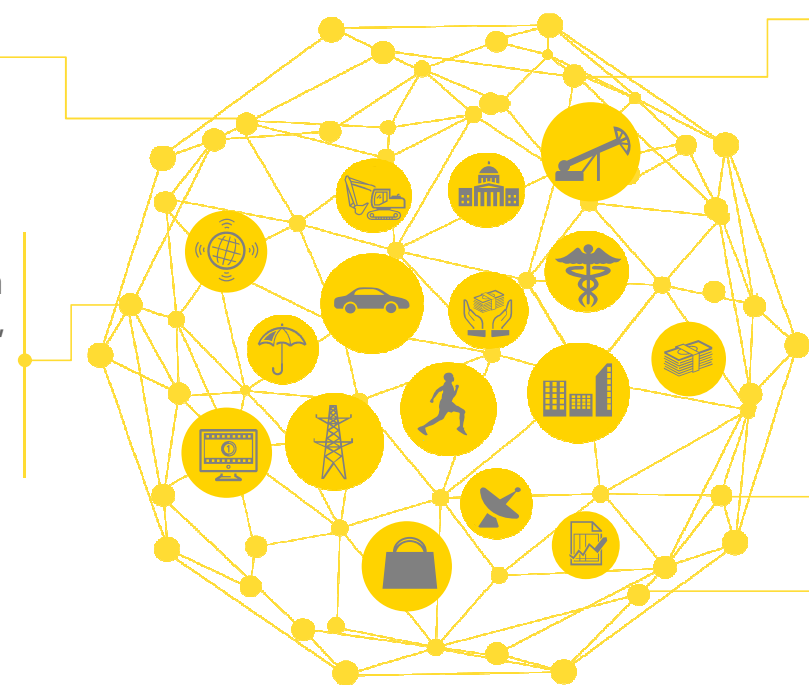
By 2040, the makeup of the global market by autonomous vehicles

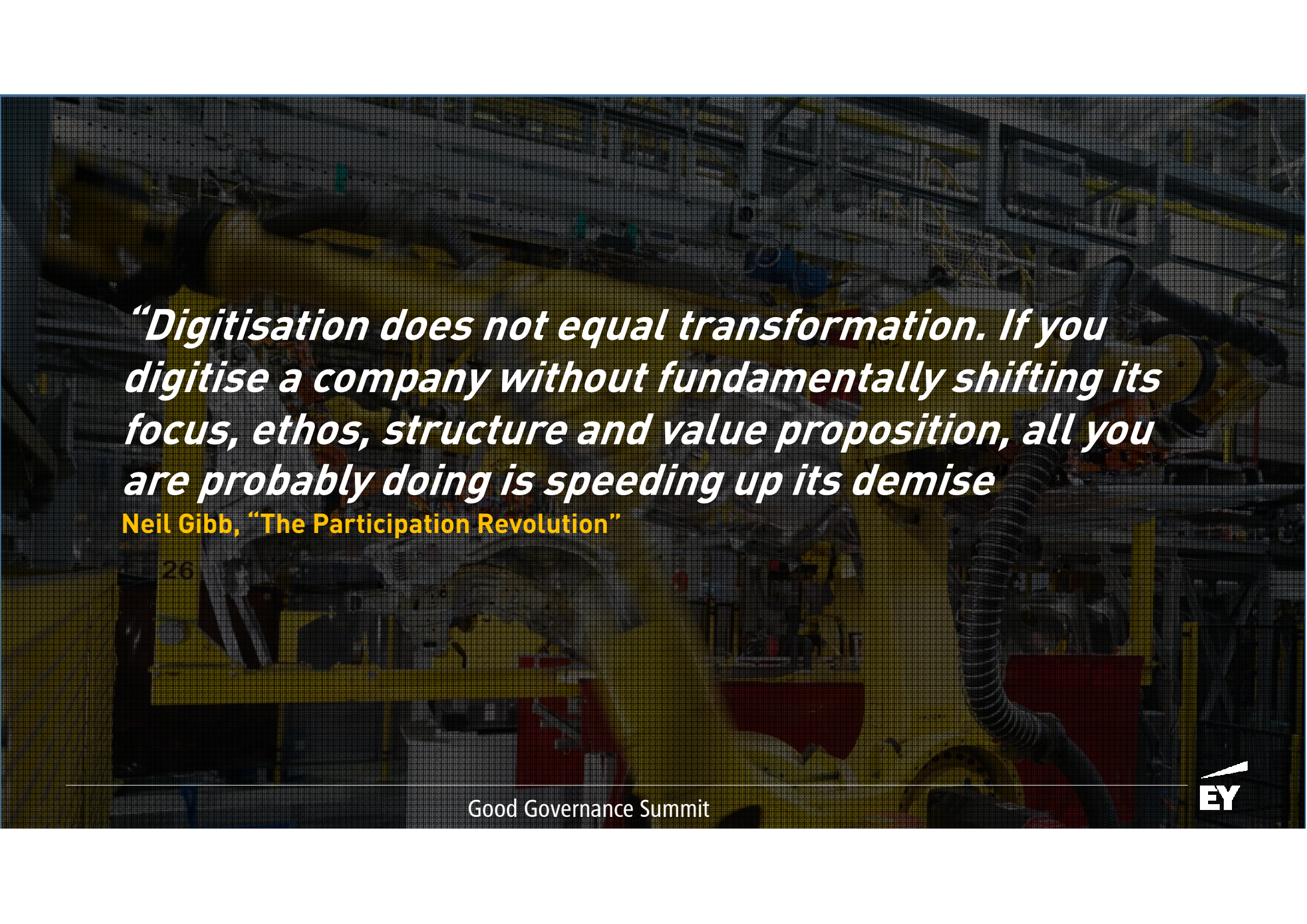


We have reached critical inflection points in many colliding physical, biological and digital technologies.



A 100-year-old + car
manufacturer turns service
provider through cab sharing
service





“Digitisation does not equal transformation. If you digitise a company without fundamentally shifting its focus, ethos, structure and value proposition, all you are probably doing is speeding up its demise

Neil Gibb, “The Participation Revolution”

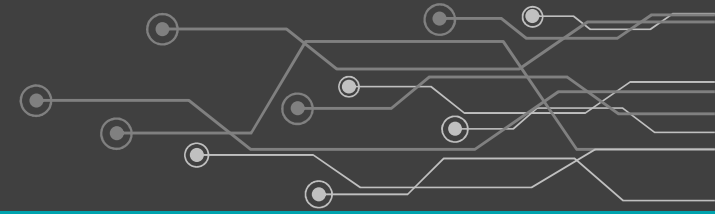


3

The essence



Governance Principles

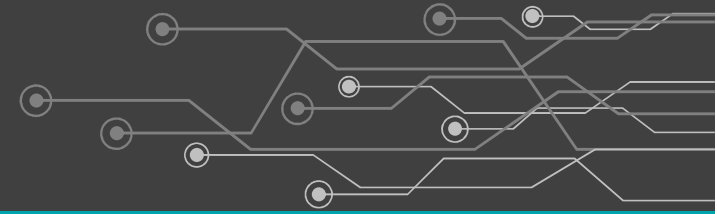


Governance is defined in the standards as “the combination of processes and structures implemented by the board to inform, direct, manage and monitor activities of the organization toward the achievement of its objectives.”

Corporate governance also provides the structure through which the objectives of the company’s are set and the means of attaining those objectives and monitoring performance are determined.

Stakeholders are persons or entities who are affected by the activities of the entity (e.g. shareholders, employees, suppliers, customers and government regulators.)

Governance Principles



Corporate governance can be influenced by internal and external mechanisms.

Internal mechanisms – corporate charters and bylaws, board of directors and internal audit functions.

External mechanisms – laws, regulations and government regulators who enforce them.

Governance has two major components:

(a) Strategic Direction – determines...

The business model

Overall objectives

The approach to risk taking (including the appetite)

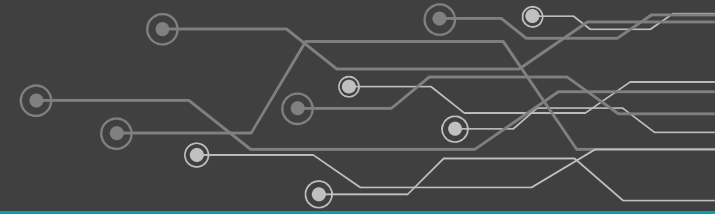
The limits of organizational conduct

(b) Oversight – the component with which internal audit is most concerned. It is also the component to which risk management and control activities are to be applied. The elements of oversight are:

Risk management activities are performed by senior management and risk owners

Internal and external assurance activities

Governance Roles and Processes ...



The board – according to the IIA, “the highest level governing body charged with the responsibility to direct and/or oversee the organization’s activities and hold senior management accountable.

Typically the board includes members who are not part of management.

If a board does not exist, the word board refers to a group or person charged with governance of the organization.

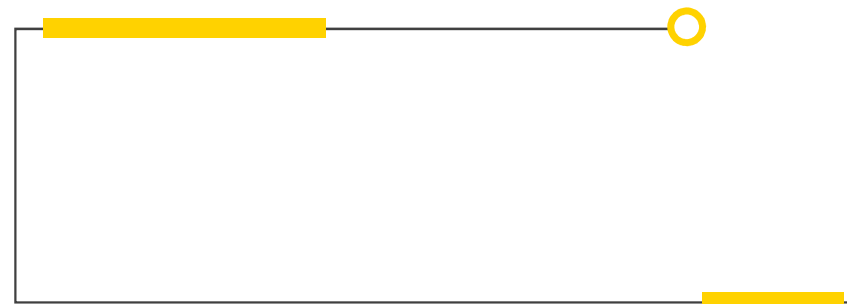
The board may also refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee, council).

The board has the ultimate responsibility for oversight.



4

Approach



**To prepare for tomorrow,
you must disrupt today.**



The approach is underpinned by three broad concepts

Board Performance

Board of directors' do not discharge their obligations and duties owed to the entity and its stakeholders in good faith because they do not possess adequate knowledge to interpret and act on the information provided, and thus impairing a board's performance to serve the company effectively.

Tone at the Top

Senior management must communicate a **cohesive tone at the top, that does not impede its ability to establish an environment that encourages integrity, ethical values** and competence of the entity's people through management's philosophy and operating style, assignment of authority and responsibility, and the organization and development of its people.

Risk Coverage

The entity must establish effective and efficient functions (e.g., enterprise risk management, compliance, internal audit) to address organizational risks, including redundancies and overlaps in risk coverage and uncoordinated risk activities, as well as unaligned skills, to leverage existing infrastructure and resources, resulting in suboptimal risk identification, risk prevention, risk detection and risk response.



A breathtaking pace of change...

Trust by design in the transformative age

Digital disruption is a strategic imperative.

The world is changing at an unprecedented pace and will never move this slowly again. Competitive advantage is only achieved through disruption and innovation.

This rapid pace of disruption brings on new risks.

Disruption is bringing new challenges and an added level of complexity that most organizations have never experienced.

Trust is imperative for success and longevity.

To deliver value to the organization, leadership must prioritize building in trust by design to understand the risk portfolio and seize disruption with confidence.



... demands a new design and different way of thinking.

Until now, risk has been focused on avoiding negative outcomes. To thrive in the transformative age, organizations need to embrace disruption and build in trust by design.

- Risk must be embedded at the forefront of business strategy.
- The days of monitoring and reacting to threats after they occur are gone.
- Real-time risk intelligence to enable strategic decision making.

**Take a fresh look and find
new insights to guide
confident decisions.**



Business strategy driven by proactive insights

Design a balanced risk portfolio

What has to go right

What may surprise you

What could go wrong

Moving from risk avoidance to optimization, embracing disruption and achieving better business outcomes.

To be successful, **organizations will need to shift their focus from simply mitigating risk to embracing new upside opportunities.**



Employees are the ultimate customer

We will design the HR operating model and operating environment around excellent employee experiences

Distinct to the employee, employee experience comprises three primary dimensions.



The HR function, in partnering with and delivering services to the modern organisation, is required to design itself around the needs of the modern employee. The modern employee is mobile, overwhelmed by information, distracted, collaborative, impatient and empowered. The HR function needs to deliver on specific but ever evolving needs.

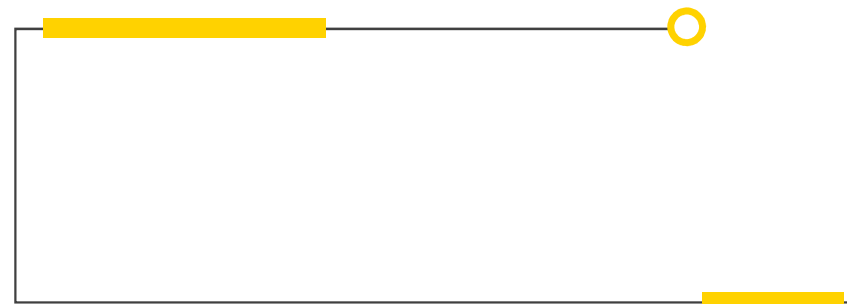
It is this desired employee experience that allows us to bring the operating environment to life and give human expression to the target HR operating model.





5

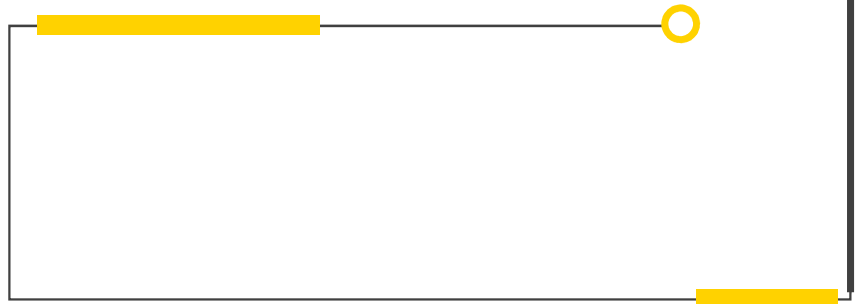
Questions?





6

Insights



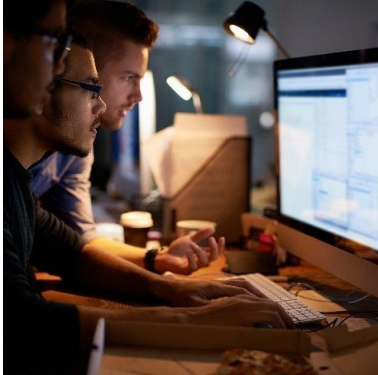
The new level of disruption presents not only an existential threat but also a wealth of opportunities

As many as 800 million jobs could be lost worldwide to automation by 2030.



Fewer than 10,000 people in the world have the skills necessary to tackle serious AI research.

Between 2011 and 2017, a multinational investment bank replaced 600 desk traders in its workforce with 200 coding engineers.



Cost of cybercrime to the global economy could go up to US\$500b annually.

AN AI-powered chatbot at an e-commerce company can serve 3.5m users per day.



A leading retail corporation takes only 2 seconds to trace details from farm to store using blockchain.

An aircraft manufacturer saves US\$2-3m through 3D-printed titanium parts for one its flagship models.

A drone capturing and analyzing high-definition video on offshore oil rigs captures more data in five days than a traditional "rope lift" team can capture in eight weeks.

An insurance firm saves US\$1.3m per year by using AI to calculate insurance policy payouts.



Threats

Opportunities

The digital mega-trend creates opportunities and threats up and down the value chain

RPA enabling automation 24 hours a day, seven days a week, 365 days a year saves **25%–50%** in costs.



In just **4 years**, Airbnb reached the same inventory as Hilton Hotels, which took them 93 years to build.

Digital encourages innovation.

A drone capturing and analyzing high-definition video on offshore oil rigs captures more data in **5 days** than a traditional “rope lift” team can capture in eight weeks.

Thirty-five percent of new P&G products come from outside the company via its open innovation approach.

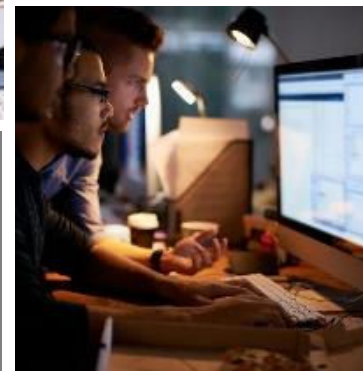


Two billion jobs will be displaced by 2050 as a result of technology advances.



It will take **20 years** for cybersecurity skills to catch up with demand.

30%- 50% of today's jobs will be impacted by digital (Some might cease to exist)



Seventy-five percent of companies in the Standard & Poor's 500 will be new entrants by 2027 at the current run rate.

Opportunities

Threats

Specifically, the Government sector is facing a number of key challenges

the government sector faces challenges due to digital disruption, shorter technology cycles, and the ever changing consumer behaviour



Pressure on sources of revenue



Changing customer behaviour



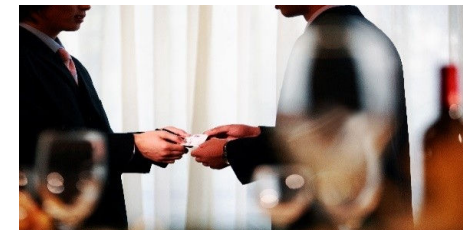
Disruptive competition



Legacy network and IT systems



Shifting organisational structures

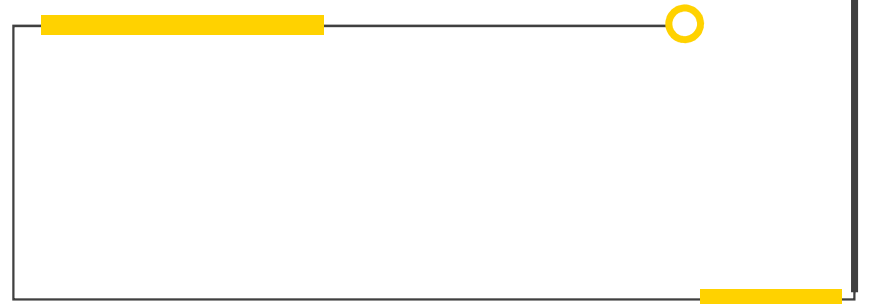


Trust and integrity challenges

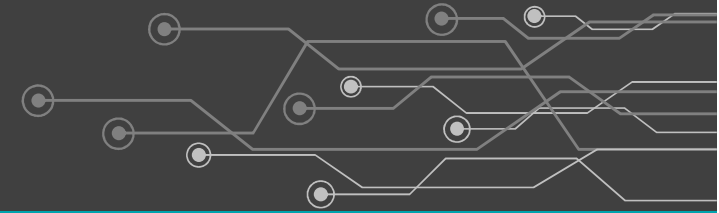


7

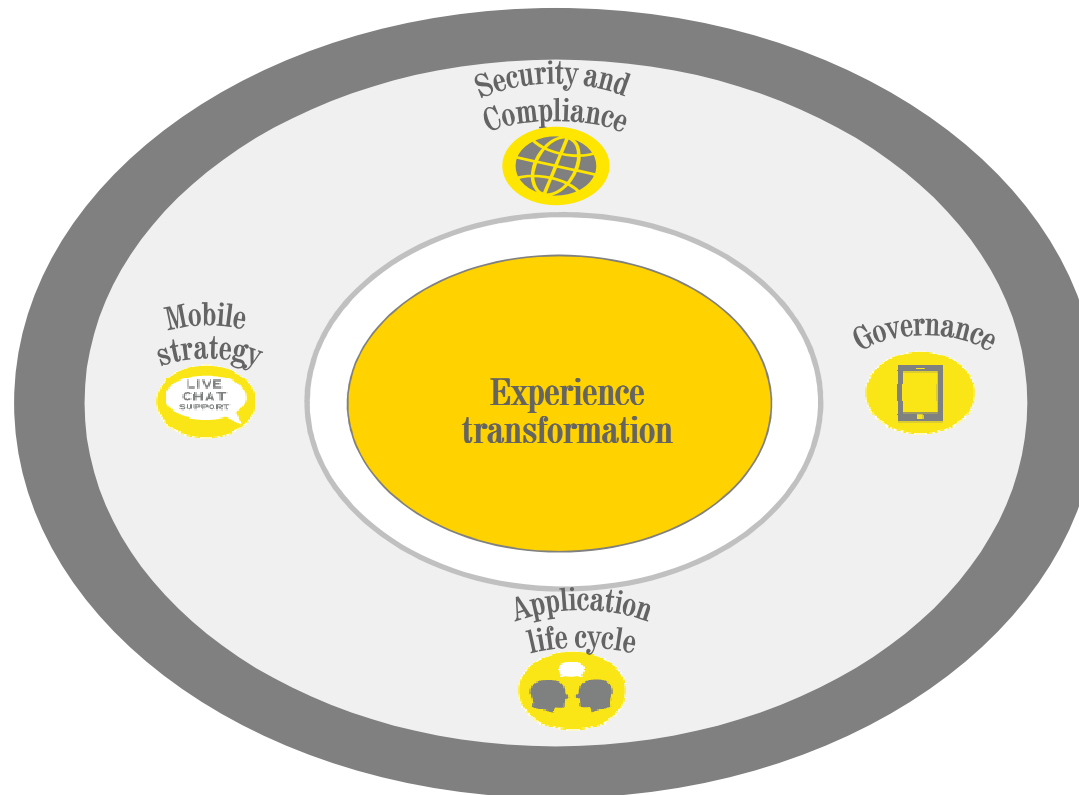
Mobile



Morality

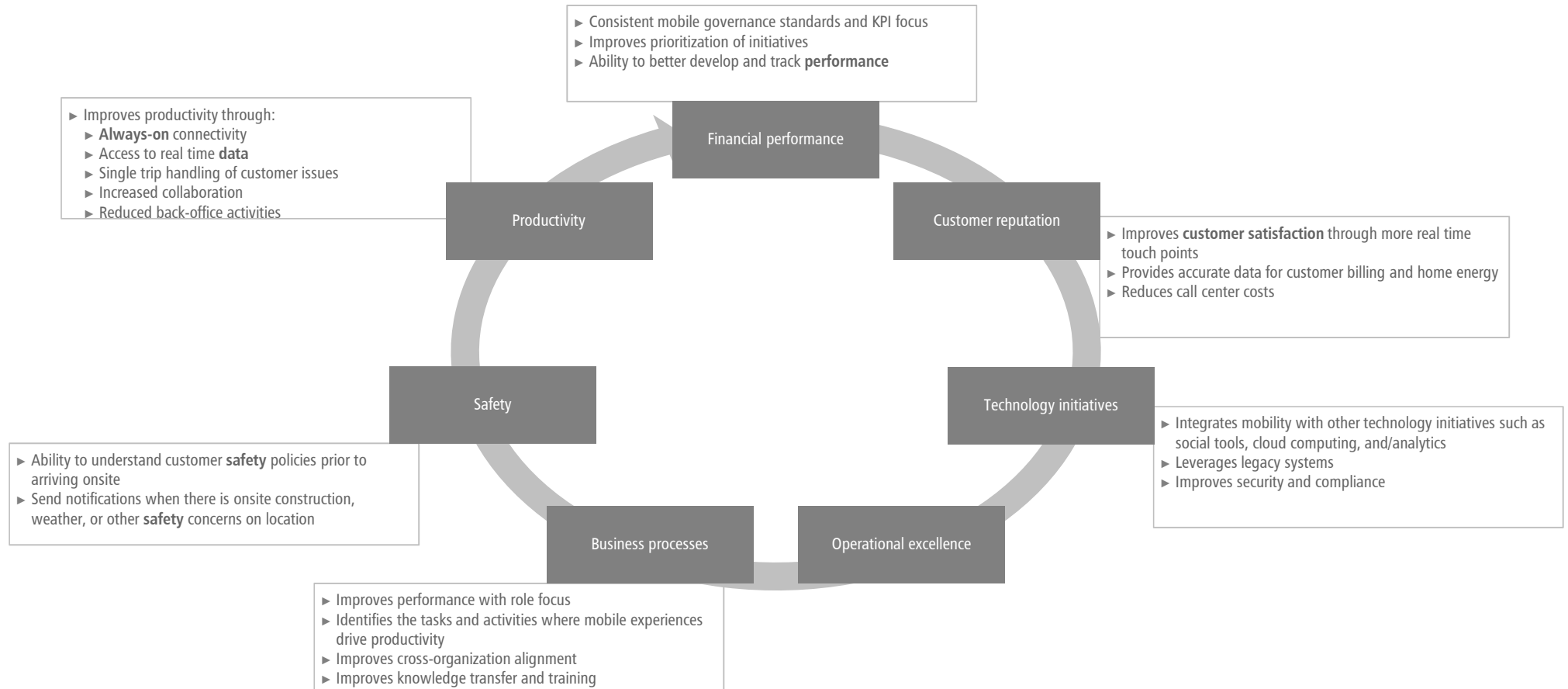


Transforming how your customers, partners and employees experience mobile requires **shift in technology and culture.**

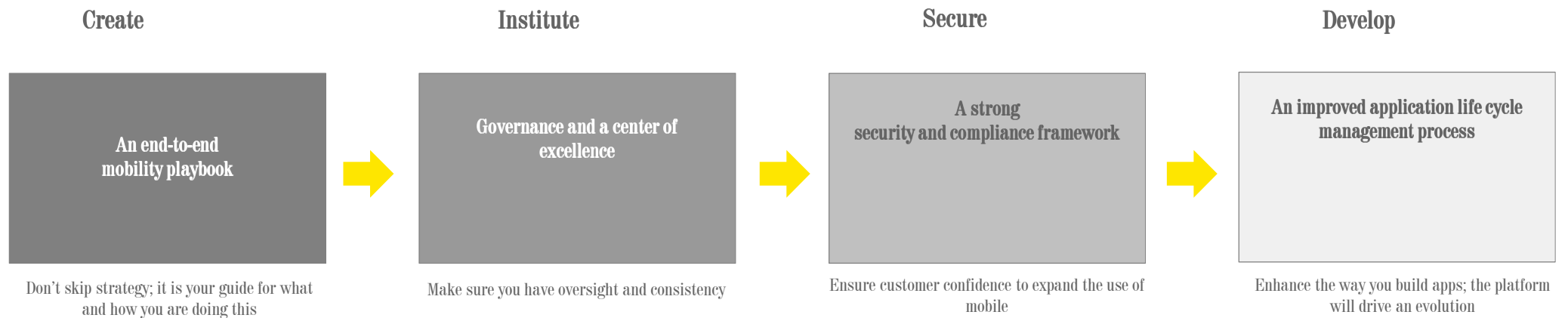
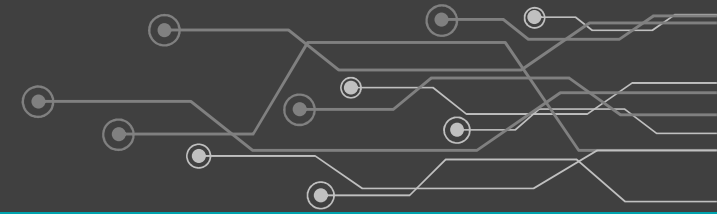


Understanding when to apply **each** is the key to a successful experience transformation inside and outside of the enterprise.

Mobility



Mobility



Realistically prioritizing the transformation solutions for your organization will have a sustainable impact on **user experience**.

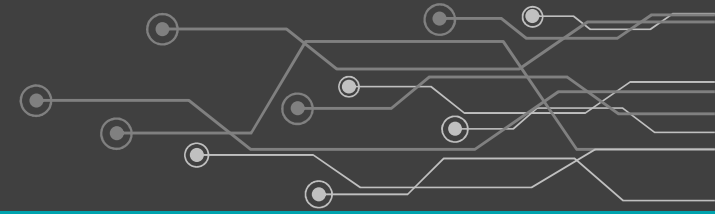


7

Quotes

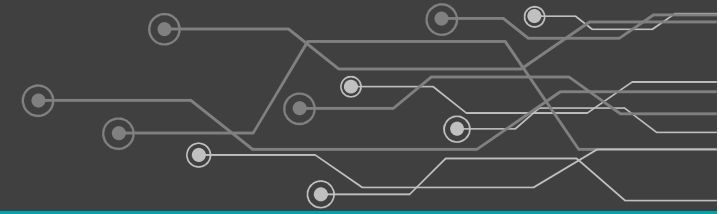
A rectangular box with a thin black border, containing a yellow horizontal bar at the top left, a yellow circle at the top right, and a yellow horizontal bar at the bottom right.

Quote 1



Bertrand Russell, the 20th-century British mathematician and philosopher, said: 'Without civic morality communities perish; without personal morality their survival has no value'.

Quote 2



*“When it comes to the future,
there are three kinds of people:
those who let it happen;
those who make it happen; and those
who wonder what happened”*

John M Richardson, Jr

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

© 2018 EYGM Limited.

All Rights Reserved.

EY refers to the global organization and/or one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organisation can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

ey.com