

# \$1.5tr growth opportunity at risk as digital collaboration fails

According to new research by Accenture, \$1.5tr growth opportunity, or 2.2% of global GDP, is at risk, as large and small businesses are failing to use digital collaboration to innovate together.

The report, '[\*Harnessing the Power of Entrepreneurs to Open Innovation\*](#)', published in association with the G20 Young Entrepreneurs Alliance, surveyed entrepreneurs and large companies in the G20 economies. It found that 82% of corporates say they can learn from startups/ entrepreneurs about how to become a digital business. In addition, they expect the proportion of their revenues, generated by collaboration with entrepreneurs, to rise from an average of 9% today to 20% in five years.

Large companies and entrepreneurs agree that today's corporate venturing and incubator models of collaboration will increasingly give way to more open and joint innovation, whereby corporates don't just fund startups, but use digital collaboration to jointly create innovations in broader networks of partners.

However, corporates and entrepreneurs do not see eye to eye on how to achieve that.



Image via Pxabay

While 78% of large companies say that working with entrepreneurs is important or critical to their own growth and innovation, only 67% of entrepreneurs hold that view. Moreover, while 41% of corporates believe small companies are committed to supporting their growth as they work together, only one quarter (24%) of entrepreneurs think large companies are likewise committed to supporting the growth of their smaller partners. Further, entrepreneurs and startups are four times more likely than corporates to say their counterparts lack commitment to working together (29% versus 7%).

## Cultural differences on entrepreneurial scope

Cultural differences compound the divisions. The report found that, while 75% of large companies judge themselves as sufficiently entrepreneurial, 75% of those entrepreneurs who previously worked at large companies left because they did not feel they could be entrepreneurial there.

"Companies must work harder at nurturing, creating and enabling an entrepreneurial culture that encourages innovation. In fact, the best sources of innovation and creative thinking lie within the companies," says William Mzimba, CEO of Accenture South Africa and sub-Saharan Africa.

"Innovation can be a key differentiator for companies and their competitors from enhancing growth, improving efficiencies and even retaining top talent. We are beginning to see a digital disruption across various countries - businesses have already been disrupted and industries re-invented. This current digital disruption presents opportunities for South African and African companies to become innovative whilst at the same time, embrace digital adoption, now and for the future."

The Index uses the survey data and economic modelling to predict the potential dividend of greater digital collaboration. It shows that the top fifth of those committed to collaboration achieved higher levels of revenue growth and, if all entrepreneurs and large companies were to achieve the degree of collaboration of the top 20%, revenue growth rates could rise between 3-18% for entrepreneurs, and between 2-16% for large companies.

## Report recommendations

The report makes a series of recommendations. Large companies are encouraged to:

- Set a clear strategy that defines shared outcomes to give all parties confidence that their ROI and commitments will be shared equally
- Define and budget for success: Ensure that successful ideas are not stranded beyond pilot phase and can be scaled quickly
- Seed an "intrapreneurship" culture by seconding employees to start-ups and encouraging employees to launch their own start-ups.

The report also makes recommendations for governments to consider:

- Develop co-financing models: Encourage a greater range of financing models, from public grants to crowdfunding, to meet the varying need of entrepreneurs at different stages.
- Create collaboration networks: Actively build clusters and networks by supporting and funding groups of partners rather than single universities or participants.
- Encourage a borderless physical world: Support digital trade through regulation that encourages the safe exchange of data across borders and immigration policies that secure the supply of critical talent.

## Methodology

The research, conducted in cooperation with the G20 Young Entrepreneurs' Alliance, comprised of the following:

- An online survey of 1,002 entrepreneurs and 1,020 executives at large companies
- In-depth interviews with 20 executives at companies and institutions

- Analysis of the digital business and collaboration landscape in all G20 countries

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