

Digital Technology: Promise or Peril?



AUTHOR:

Lois Tullo, *Executive-in-Residence, Global Risk Institute*



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This paper has been prepared by Lois Tullo, Executive-in-Residence at GRI. This is original research and applied theory authorized for GRI publication.

RISK MANAGEMENT PRACTICES

The trend of increasing Cyber Dependency has been highlighted by the World Economic Forum as one of the most impactful trends changing society today.

The evolution of Digital Technology¹ continues to be debated. One question that remains is how do organizations address the strategic implications of either the risks or opportunities of digital technology?

Opening this year's [Ideacity conference](#), two thought-leaders went head to head on the future of digital technology. "[The great debate on digital technology: Promise or Peril](#)" featured Peter Diamandis and Diane Francis debating the future of digital technology and its impact on society.

Peter Diamandis highlighted the **promise** that digital technology advancement had enhanced society in the last century by improving such things as the global standard of living through providing access to information and expanding our knowledge; improved our health and lifespan; and advances in bio and genetic engineering innovations that may improve our health further still. Diamandis drew attention to the future promise that technology brings to safer and more abundant sources of renewable energy through advances such as solar power.

Diane Francis addressed the **perils** that the rapid integration of digital technologies has already inflicted on society with examples such as the loss of privacy. She also highlighted the potential for future perils with the rapid development and mass adoption of technology such as artificial intelligence which has the potential to disrupt more than just our decision making. Francis stressed the need for a moral and ethical framework to govern the advancement of technology.

The development and adoption of new digital technologies is both a promise and a peril, now and in the future. We can not halt progress. As new emerging risks are being recognised, they are evolving at a rate that is transforming our world daily. Some of these risk and trends are directly linked to the adoption and use of new technologies. We are indeed living at a time when our world's standard of living² has improved significantly due partially as a result of digital advancements. However, we are also living in a time where we have the greatest capability to jeopardise those gains with the negligent adoption of new technologies or the use of technology for destructive purposes. With the rapid development and accelerated integration of technologies, individual organisations increase their risk exposure by merely trying to remain relevant and competitive. Organizations often forfeit their ability to understand the immediate and long-term implications that these "improvements" might have on their ability to operate and safeguard against risk.

¹ *Digital Technology – including all advances in computer-based technology for business, medical science, telecommunications, etc.*

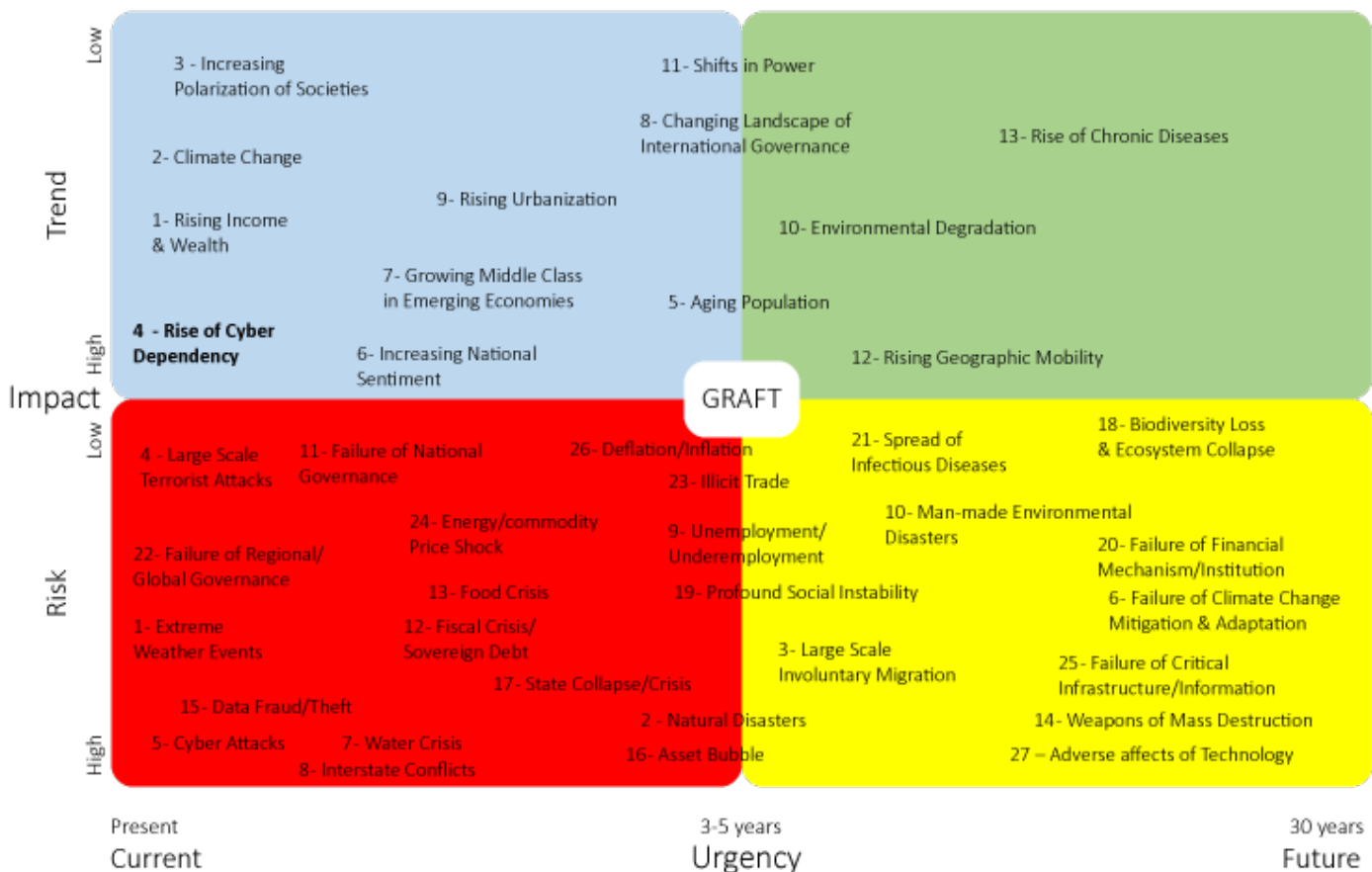
² *As measured by the UN World Poverty Statistics*

All organisations need a way to evaluate and manage the ever-increasing changes that are coming at them, with a systematic approach to avoid the peril, and to achieve the promise that new digital innovations offer. [The Global Risks & Trends Framework \(GRAFT\)](#), published by Global Risk Institute, provides a lens for organisations to identify and assess the perils and opportunities posed by global risks and trends unfolding around the world. The GRAFT process is intended to aid in determining and then prioritising each risk according to those that could threaten an organisation or could be leveraged as an opportunity. Not only does it look at developing technology trends and risks in isolation, but it also looks at the overall correlation to other emerging risks and trends when evaluating their priority.

The GRAFT matrix below illustrates the impact risks that are external to the organisation by mapping the current and future **trends** in the top quadrant, and current and future **risks** in bottom quadrants. This matrix clearly shows the urgency that the trend of Cyber Dependency has within the framework of other global risks and trends.

In this debate, opponents of digital technology had plenty of examples of the promises and perils of technology. The promise for organisations includes the opportunity to reach new markets with digital technology and to provide an abundance of services at a fraction of the cost. However, the peril is that your organisation's competitor or new entrant may enter the market with

GRAFT - PROMISE & PERIL OF DIGITAL TECHNOLOGY/CYBER DEPENDENCY



a new digital model and steal your market share. The promise and peril have been evidenced in the payments sector by the entrance of Alibaba's Alipay and Tencent's WeChat Pay.

Organizations must be prepared with scenario analysis that identifies the severity and probability of risk or trend and monitors developing sentiments that may influence their suppliers, customers, governments, and investment holdings.

Organizations must be able to view digital innovations and their dependency on them in a systematic way to truly visualise that which is a threat and that which may signal opportunity.

For further details on how [The GRAFT FRAMEWORK](#) provides a systematic approach to link these correlations, and aids in evaluating to the strategic implications that affect your organisation's strategy see [Strategic Implications of Cyber & Data Risk and Cyber Dependency](#).