Building Global Prosperity: Where to Next?

GE MACRO TRENDS WORKING SESSION

GLOBAL MOBILE

KIN GLOBAL 2012

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Macro Trend Working Session Overview

KIN Global is a platform for cross sector collaboration—where all delegates come to actively participate. Our delegates are hand-selected, as each of them is a leader in his or her field. To leverage the collective intelligence of KINians and elevate thinking in areas relevant to our businesses, we created the Macro Trend Working Sessions.

During KIN Global 2012, we facilitated these working sessions to address four macro trends facing humanity in which business will play a critical part. Sessions included thought and practice leaders in each realm and resulted in tangible output. The summary below is a distillation of the conversation on "Global Mobile." We invite readers to review the findings below and discover opportunities for their own organizations.

Global Mobile

By 2020 there will be one trillion connected devices connected at faster speeds, facilitated by more bandwidth, with new internet inhabitants (cloud, device, big data) and one zettabyte of content. The co-emergence of opposite trends of global hyper-connectivity and ultra-local customization offers transformative opportunities for corporations. How should companies frame their thinking to take advantage of the global mobile? What are the potential risks and unintended social consequences of omnipresent mobility adoption?

GLOBAL MOBILE EXPERTS:

Carlos Dominguez
Senior Vice President
Office of the Chairman & CEO
Cisco

Andy Markowitz
Director
Global Digital Strategy
General Electric

Tom Hartle
CEO & Founder
Bandwdth Publishing
Former President
SPIN Magazine

Toby Redshaw
CEO
Kevington Advisors
Former Global CIO
Aviva & American Express

Facilitator: Peter Bryant
Partner
Clareo Partners LLC
KIN Advisory Board Member

Global Mobile Says...

CONNECTED DEVICES TURN 'SCRAP MOMENTS' into moments of content consumption; meaningless time is now becoming more meaningful.

THE DEFINITION OF A 'TECH-NOWIST', is someone who: embraces change, understands what technology is available, experiments with technology, learns from experiments, and leverages technology for a competitive advantage.

Global mobile isn't really global, rather it's about **LOCAL EXPERIENCES AND SITUATIONS.**

THE NEW DYNAMIC PROPERTIES OF THE MOBILE MEDIUM have changed the fundamental elements of how a message is created, sent, received, and viewed.

BY 2016, OVER TWO-THIRDS OF UNITED STATES MOBILE DATA WILL BE VIDEO...and there will be 10 billon mobile connections for 7.3 billon people worldwide.

MY GOAL IS TO GET THE BUSINESSES TO UNDERSTAND THAT DIGITAL ISN'T AN END IN ITSELF, but is a means to an end to solve business problems. How can we use engagement differently?

Carlos Dominguez

SVP Office of the Chairman and CEO, Cisco Systems, Inc.

Key mobility growth trends for the next five years include: more powerful devices, explosive growth of video streaming (doubling every year), shift of the majority of traffic from laptops to smartphones, more mobile users, and more mobile connections per user. The convergence (social, location and mobile) of Rich Media Content will accelerate, with overlapping offerings and features (gamification, social connection, rewards and discounts, GPS utility, time optimization, and serendipity).

Three top-end considerations of these trends include: business implications, risks, and opportunities. Implications include: smartphone and tablet growth, two thirds of traffic resulting from video, government policy (more spectrum needed), and new business models required and enabled. Risks include: speed of change, mobile as a platform with low barriers to entry, increased competition, security and privacy in the "Trust Economy," and regulatory compliance. Opportunities present themselves in new markets and the potential to change experience for customers; new revenue streams; providing new value to the end-user; convergence, and monetizing privacy.

Andrew Markowitz

Director Global Digital Strategy, General Electric

GE has been very successful so far with their B2B strategy. The company not only has established a Center of Excellence (COE), but it also funds distributed resources to support B2B strategies. The COE to date has created 90+ applications to help with go-to-market capabilities. Examples include: sales force effectiveness, customer value applications, remote diagnostics, and multiple consumer applications. An ongoing mobility development challenge is creating applications which incorporate "collective will" to discover new ways to harness industrial research at GE.

Machine-to-machine (M2M) is also very critical to GE's overall strategy. GE is a leading company in enabling the industrial internet. However, it is important to distinguish between connectivity of M2M and mobility, as M2M may not overlap future mobility offerings.

In order to measure the relevance of new mobility capabilities, a new set of metrics will have to be created and managed. One way of thinking about this is for business units to articulate the "micro-relevance" of mobility in constructing value propositions. The more micro-relevant, the more currency of value is created. Micro-relevance is defined as the conversion of messaging to data. The right message at the right time means better consumer targeting.

Metrics should include:

- The merit of data and version.
- New device capabilities (e.g. location and time sharing).
- Thinking about the overall mobile strategy as a credible tool to solve broader business problems.
- Media that evolves to its own value proposition, not simply better click-through rates.
- Media as an efficient driver to websites.
- Capture device relevance as a function of application downloads.

Tom Hartle

Founder and CEO, Bandwdth Educational Publishing

A major trend driving the use of mobility is "intimacy to the device." The physical properties of the device engage the user. Usability is a major factor to the degree to which devices "light-up" the user's senses. Because of enhanced physical properties in a single device, mobile devices are replacing other devices in people's lives (e.g. camera phone, mp3 player, flashlight, heart monitor, etc.), and ease of access is replacing laptop-based tasks in favor of mobility devices. Consumers also flock to devices that offer them "personalized" advantages through applications (e.g. Pandora, Chipotle, Pinterest, Amazon, Facebook, eBay). Products and information are becoming more immediate, affordable, personally targeted, and interactive.

In order for devices to be more integral to life, they must capture not only a sense of efficiency, but also of fun. This effectively changes more banal tasks into "fun moments." The industry jargon for this is "enhanced reality." Enhanced reality transforms meaningless time into more meaningful time, allowing for more "scrap moments" (e.g. commuting, waiting in line...) to become moments of content consumption.

The dynamic properties of the devices themselves are also changing how and why content is created. Content is also changing the mediums of delivery; replacing linear ways of offering content with new enormous organizing paradigms that will have enormous potential in education and business. Content development is happening at an astounding pace and being developed by new unknown entities. Brand franchises of content are also being established every day.

The effect of mobile technology on education facilitates another paradigm shift. Physical classrooms, single instructors and large textbooks are not the only effective, proven educational modalities anymore.

Toby Redshaw

**CEO, Kevington Advisors
Former Global CIO, Aviva & Former Global CIO, American Express**

Global mobility isn't really about global experiences, it's about local experiences. The vast majority of usage and opportunity with an IP-connected mobile device is about—and tied to—local experience and situations. Mobile is not an extension of the web, rather it is the most active "must do" and opportunity- riddled part of the web. Mobility will continue to evolve, accelerate and surprise. The mobility browser has become the de facto connection to the internet in key markets. The ubiquitous presence of mobile devices on people has effectively allowed people to become walking IP nodes. This is a far more useful and productive frame of reference for ideation and invention than a "mobile phone."

Thinking about mobile as a human network node expands possibilities. "Digital Augmentation" and "Digital Artifacts", where people self-define their preferences, is a key consideration to effective marketing. People want to be recognized by their preferences. The traditional 4 P's in Marketing (Product, Place, Price, Promotion) are being replaced by 4 Consumer P's (Predictive, Proactive, Personal, and Pattern Matching) and 6 characteristics of "Real Permission" marketing (Presence, Persuasion, Preference, Personalization, Permission, and Peers). Therefore, if your mobility device is always on you, the friction-laden experiences and surprises of life provide opportunities for marketers to add value in new ways to the human node network.

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Implications for Business

OPPORTUNITIES

Information technology is at a transition point. Progress is being driven by four factors: accessibility, ease-of-use, usability and actionability. Mobility touches all four factors. The internet has become a "brain extension" due to the capabilities of mobility across multiple platforms.

New business models. How can real-time and proactive CRM be leveraged in more effective marketing and value creation? What are the impacts on existing costs and future costs to create and maintain mobility capabilities? What process changes can be radically changed by incorporating mobility into end-to-end offerings? What emerging entities in the value chain could and will disrupt established value propositions with mobility? How will distribution models evolve due to advances offered from mobility? How could a mobility-enabled shift from prediction to preemptive capabilities be capitalized on? How will increased speed of dissemination of data be leveraged for competitive advantage? What new markets can be created with mobility as the platform?

Human node impact on marketing. How will the time-honored calculus of Product, Place, Price and Promotion evolve with capabilities in presence, persuasion, preference, personalization, permission, peers, predictive, proactive, and personal and pattern-matching marketing? What methods of education of the end-user need to be considered to help them understand the potential of mobility?

Location-based education and custom learning. How to create content for "scraps" of time on-demand? How to create content that is more dynamic and more customized? How to leverage principals of gamification and fun in content creation? How will evolving mobility features drive content creation?

Community development. How will the utility of existing unconnected endpoints be re-authored due to convergence in domains such as preventative and chronic healthcare, law-enforcement and physical security, transportation, energy, education, entertainment and leisure, and rural and emerging markets? In what other ways can mobility be leveraged for development and support self-organizing communities?

Exponential growth of broadband mobility devices and mobility applications. How can emerging market growth be accelerated from faster mobility adoption? How can mobility be leveraged for brand expansion and brand disruption? What role can governments play in setting policy to provide common standards and infrastructure to capitalize on ubiquitous mobility as a geographic competitive differentiator?

Risks and Challenges

As old physical technology and legal boundaries and barriers are eroded by the capabilities of mobility, new risks are emerging. Commensurate and perhaps even greater responsibilities accompany capitalization of opportunities. Challenges and risks must be anticipated, disseminated, quantified and responded to, across multiple domains which crisscross both private and public sectors worldwide. The same disruptive forces and trends that fuel incredible and rapidly evolving opportunities (by-products of the speed of change), also invite new classes of strategic and organizational considerations, capacity break points, failure scenarios and unintended social consequences.

Challenges include effectively responding to needs which are fermenting new implications with unimagined speed and complexity including: national and international strategic priorities, education of next-generation workers, management practices, professional skills development, process changes, enterprise architecture, conversion, innovation, security and privacy, public policy, anthropological behavioral economics, neuro-cognitive science, capital and resource allocation, political evolution, capacity planning and constraints, capturing and interrupting data, regulation, intellectual property creation and protection, media evolution, disaster prevention and recovery, global standards, economic models, collaboration, and competitive and coopetition frameworks.

Building a trust economy with users. What policies, processes, global and technology standards, laws and regulations must be adopted to ensure personal privacy? What factors could contribute to consumer backlash from mobility evolution and how can those be prevented? How can we ensure quality control, data validation and verification? What new capabilities are needed for security architecture, which must be in place to indemnify a trust economy? What types of data, presented as mobility accessed content, could be a source of irritation to consumers? What disaster prevention, disaster recovery and agility features need to be architected as mobility modalities replace alternative commerce-engines? What negative impact could potentially compromise the humanity of end-users and how can those be mitigated as a result of rapid adoption of mobility?

New threats from disruptive competitors. What barriers to entry could be eroded as the decreased costs and increased speed of connectivity from mobility reduce marginal incremental costs to near zero? Mobility increasingly means removing geography as a barrier to competition. What is the impact of that to a given business and industry? As mobility reduces the friction in demand flow (services, information, products, experiences, surprises), what new competitors could capitalize from the reduced friction? What additional price pressures will result from increased adoption of mobility?

Skills and infrastructure as capacity constraints. How complex is managing remote support to ensure continuity of service? What new skills will information technology professionals and general workforce need to master to keep pace with mobility growth? What additional costs have to be considered to add additional capacity breakpoints? Who will pay for those additional costs? How should priority of service be determined in capacity-constrained environments? How adaptive are enterprises to redistributing resources to ensure that the pace of infrastructure investment leads forecasted demand?

Unintended consequences. What if the boundaries of syndicated risk offerings, like insurance, are radically changed due to capturing mobility-generated, detailed, lifestyle data, as it relates to the healthcare debate? What would the impact be of natural or man-made disasters interrupting processes dependent on mobility? What negative impact could information overload cause to consumption models? What economic and social harm could be caused to developing economies that lack the means to fully participate in a global mobility economy?

National and regional security. To what degree can the capabilities of coordinated deterrents and capabilities to reduce threats from cyber-crime or cyber war keep pace with the explosive growth and dependence on mobility? What policy considerations need to be considered for response capabilities as a result of cyber war? What are the associated costs and how can additional costs fit proportionally in economic sustainability? What are the consequences if geo-political opponents gain superior capabilities to conduct cyber-based warfare?

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