

2020 VISION

Transform your business today to
succeed in tomorrow's economy

STAN DAVIS AND BILL DAVIDSON

Main Idea

By the year 2020, the way everyone lives and makes a living will be totally transformed by information technology and biotechnology.

Any company which is not continually adjusting the way it does business, the way it uses new technology and the products offered to customers runs the risk of becoming uncompetitive.

In fact, if you are in the same business doing the same things you currently do five to ten years from now, you are likely to be on your way out of business altogether.

1. Just Past Growth, Still Short of Maturity

The information economy actually began in the mid-1950s, and will have come to an end by about 2020 when it will be replaced by the bio-economy.

Keep your products and services up to date by constantly changing and improving your business.

Look for ways to increase the information content of your business product or service.

Information technology is evolving faster than the ability of most businesses to absorb them.

2. There is no Jack Benny Law of Business - You can't stay 39 forever

The age of any business counts for little anymore.

The only factor that will affect future competitiveness is the information content of all products or services.

In any era, new methods and approaches that initially give you a competitive advantage eventually become conventional wisdom. To stay at the leading edge, you must continue adding new competitive advantages.

3. Find the turbocharger in your business

The most profitable business in the information economy will be collecting, processing and selling critical information which is generated but unappreciated by the traditional businesses.

Information intermediaries will flourish.

The information economy will create a huge number of niche markets for a vast array of products.

An electronic marketplace will develop functioning like an electronic two-way classified ad.

4. Is it time to kill your organization before it kills your business?

Business organizations have a life cycle like everything else.

Are you in business to support your organization, or does your organization exist to support your business?

Aging companies and organizations don't go on decade after decade - either they periodically revitalize both products and structure or die.

5. You can't ride on tracks you haven't laid down

It takes a long time to lay down the infrastructure for any new economy. Explosive growth cannot take place until the infrastructure is securely in place.

The base of future international competitiveness is the development of information highways - fiber optic networks that can transmit vast amounts of information.

Technological leadership will be established by whichever countries have the best infrastructure.

6. Between molecules and stars: Dimensions of the next economy

The core developments of the bio-economy will be;

1. Developments in mind like computers.
2. Developments in genetic engineering.
3. Developments in miniaturization.

1. Just Past Growth, Still Short of Maturity

Main Idea

Everyone is aware that we are living in an information age. But the information economy actually began in the mid-1950s, and by the 2020's will have come to an end. The essentials of every business are undergoing such major change that if you are in the same business five to ten years from now, you are likely to be on your way out of business altogether.

Supporting Ideas

1. The information economy is already half way through its life cycle. It began in the mid-1950's and will have ended by the 2020's.

2. The information economy will be replaced by the bio-economy.

What will the bio-economy be like? Consider the "Smart Toilet". This machine operates as a paperless toilet using warm water to clean and warm air to dry. The seat is kept warm in the winter, and while you sit on it, the toilet is measuring your temperature, weight, blood pressure, pulse and analyzing your urine to detect any vitamin deficiencies in your diet. This is an example of the coming bio-economy and its products. More than 5 million smart toilets have already been sold in Japan.

3. The information economy being no longer dominant will not slow the growth of information-related services.

When the industrial economy replaced the agricultural economy, farms did not go away. It simply meant that industry grew at a much faster rate than farms.

Similarly, the flourishing information economy becoming dominant means that those companies associated with information processing are growing at a much faster rate than companies in other fields. Any business can either use that fact to their advantage or get left behind.

4. If you are in the same business in five to ten years time that you are in now, you will most likely be out of business altogether.

Today, information-based enhancements are revitalizing existing businesses and transforming them into new ones. Information has become the core for growth and rejuvenation. However, the trick lies not in focusing on information itself but on the consequences of information in your own business.

The economic value of generating, using and selling information is increasing at a faster rate than the value added by traditional goods and services. Increasing the information content of any product or service produces a smart version which will yield better profits. All businesses must become increasingly smarter or yield to better informed competitors.

Increased value for any product comes by incorporating information features and functions. New intangibles, such as choice, variety and service creates smart products. The more information put into a product creates new opportunities that often far exceed the original purpose.

An interesting factor is that marginal improvements won't be enough to stay competitive. Your competition will be taking advantage of new opportunities to achieve 100%, 300% and 500% improvements.

An example - Professional sports. Growth in professional sports is no longer a matter of playing more games, raising prices or squeezing more people into a stadium. Instead, the sports team is a core around which a larger information business is wrapped. The games are the core for retail licensing, television rights, video rights, sponsorship,

publishing and a host of information activities. The information related spin-offs have now become more valuable than the sport itself.

(In 1986, the Boston Celtics basketball team raised \$45 million by listing on the New York Stock Exchange. They used the money to buy television stations to broadcast their own games so they could eliminate the profits made by middlemen.)

Baseball, football, basketball and hockey generated \$3 billion in the United States alone in 1991. Add college sports, motor racing, horse racing for another \$1 billion. All together, spectator sports generated between \$7 and \$8 billion, with the majority through broadcasting rather than on-site viewing. It is also estimated Americans spent around \$42 billion on recreational sports.

In professional sports today, the information core activities produce the major proportion of the revenues. The original product has been transformed by the addition of information-add ons.

5. Every economy, business, industry and product has a life cycle.

The first phase of any cycle is a gestation period. In this phase, returns are not high as the basic infrastructure and tools are developed. Railroads were the infrastructure of the industrial economy. Computers and telecommunication links are the infrastructure of the information economy.

The second phase is growth. The investments begin to pay off handsomely, production accelerates and returns are very high. Many of the largest companies in the world today are high-technology associated with computers and communications.

The third phase is maturity where marketing techniques and nominal style changes become more important than technology advances.

The fourth and final phase is aging when results diminish no matter how many resources are applied. It is expected that by the 2010's, phones, computers and televisions will be merged into single information processing devices.

In general, there is a technological push and a market pull. Technology dominates the early phase providing the foundation for growth. Marketing and profit generating become more important once the market is established.

At present, the information economy is somewhere between growth and maturity. A number of standards are being developed. Maturity will come when compatibility is achieved between all information processing devices, allowing all information to be handled by any technology.

Information technologies are evolving faster than the ability of many businesses to absorb them. Similarly, businesses are evolving faster than their actual organizational structures. As the information economy matures, we should anticipate changes to occur in the business structures also.

At present, it is difficult to be educated consumers. While everyone likes technology advances, it becomes difficult to purchase tools which are likely to be outdated within a short time frame. Similarly, the business organizational structure that will best fit the information economy cannot be expected to appear until the mature phase of growth around the year 2000.

