

MACHINE PLATFORM CROWD

Harnessing Our Digital Future

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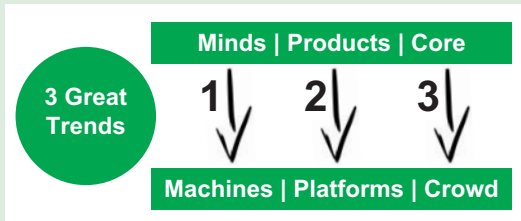
MAIN IDEA

Minds | Products | Core

The traditional approach to creating value has always been people think up or invent a better way of doing something (Minds), monetize the idea (Products) and then build a company around making that product or service (Core). That basic Minds | Products | Core dynamic is at the heart of the modern economy.

However, three trends have now arisen:

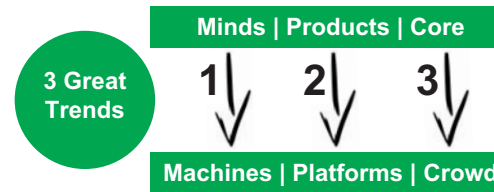
1. Machines are getting smarter and when supplied with big data can learn by identifying patterns and finding smarter ways to do things.
2. Platforms have come along run by companies which don't make or own anything but just facilitate efficient transactions and resource sharing.
3. The Internet makes it feasible for crowds working together to come up with better ideas than experts.



The combined result of those three trends is the Minds | Products | Core dynamic is rapidly being superseded by Machines | Platforms | Crowd. The good thing is with change comes opportunity. The key to excelling in the years ahead will be to take advantage of Machines | Platforms | Crowd.

"Today we're in the early stages of another industrial shake-up, but an even bigger and broader one. We struggle to think of any significant company in any market anywhere in the world that won't be affected by the technology surge under way now. The successful companies of the second machine age will be those that bring together minds and machines, products and platforms, and the core and crowd differently than most do today."

– Andrew McAfee and Erik Brynjolfsson



Trend #1. Minds vs. Machines Pages 2 - 3

Initially, machines had to be coded with everything they knew. Today, machines can comb through vast amounts of big data to identify underlying patterns which are not obvious. In this way, machines are learning and are advancing so rapidly that in most settings, they can now routinely outperform humans. Mind-and-machine combinations will grow in power and value exponentially in the years ahead.

Trend #2. Products vs. Platforms Pages 4 - 5

Product makers and service providers – those who manufacture and supply goods and services – are now being upstaged by platforms which bring together suppliers and users. Those that run those platforms will be fearsome competitors in the very near future if they are not already. Platforms are permanently and profoundly changing the way consumers interact with producers and are unlike any incumbents in any industry.

Trend #3. Core vs. Crowd Pages 6 - 7

Companies which have built up a core of valuable know-how are now being regularly outperformed by the crowd. There is a staggering amount of human knowledge, expertise and raw enthusiasm which can now be focused online to solve complex problems. You have to start finding ways to tap into the many minds which are available online to help you develop better offerings, market more efficiently and add more value.

Three Great Trends - The Implications Page 8

Thanks to recent technological changes, companies today need to rethink their balance between minds and machines, between products and platforms and between the core and the crowd. The undeniable fact is Machines | Platforms | Crowd has become much more powerful within the past few years and needs to be considered with fresh eyes. The key to success in the future will be understanding how best to use Machines | Platforms | Crowd.