

Value 2.0

Eight new rules for creating and capturing value from innovative technologies

We are at the beginning of an era of true transformational change. The full power of the Internet, globalization and innovative new technologies are coming together, and in doing so, are changing the rules of business, culture and society. Our purpose is to help executives understand the new ways in which emerging technologies and principles are enabling value creation through what we call the “new rules of Value 2.0.”

Billions of dollars have flowed in recent years into start-ups focused on emerging technologies of Web 2.0, social computing, service oriented architecture, 3D Internet and virtual worlds. These technologies have changed the way companies and customers interact, and have introduced new business models to support these changes. They enable new means of value creation: what we are calling “Value 2.0.” Based on our experience and an analysis of over 100 start-ups and 40 large enterprises, we define here the eight new rules of Value 2.0 (see Figure 1).

Capitalize on new markets and business models

- **RULE #1: Grab and monetize the long tail of demand.** New technologies have lowered both the cost of accessing customers, as well as the cost of offering a much wider selection of goods and services.¹

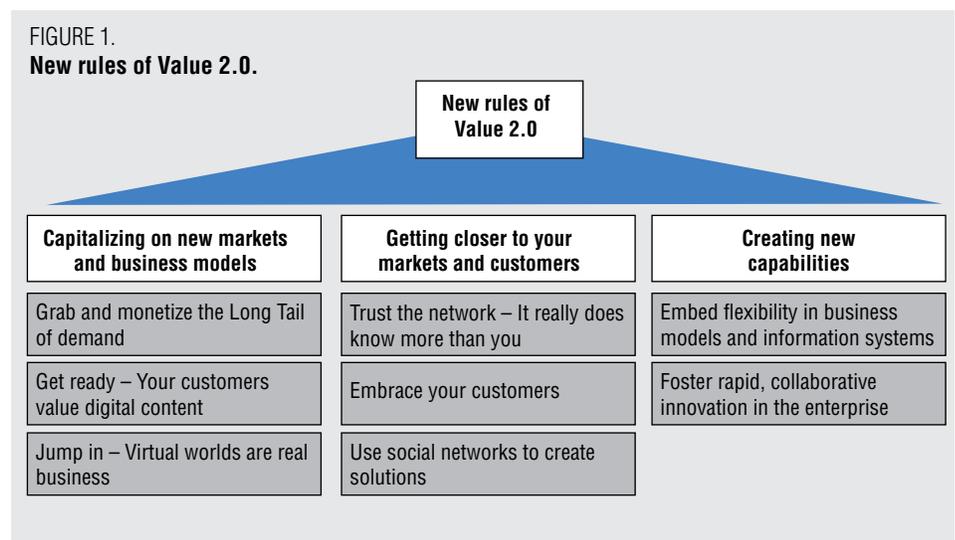
- **RULE #2: Your customers value digital content.** Emerging technologies are enabling new ways to create, share and consume all forms of digital content.
- **RULE #3: Virtual worlds are real business.** Virtual worlds and other three-dimensional (3D) online environments,

born in the massively multiplayer online game (MMOG) arena, are one of the hottest areas of Value 2.0.

Get closer to markets and customers

- **RULE #4: Trust the network – It really does know more than you.** The Internet offers deep, broad and widely accessible information worldwide. And businesses are learning to tap this information source in new ways.
- **RULE #5: Embrace customers.** Emerging technologies are making it easier to connect with and encourage small groups of dedicated users who will help other users get the most out of these

FIGURE 1.
New rules of Value 2.0.





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Reference

1 Anderson, Chris. "The Long Tail." *Wired*. October 2004. <http://www.wired.com/wired/archive/12.10/tail.html>.

sites, advocate the brand, spread the word and contribute content.

- **RULE #6: Use social networks to create solutions.** Selling business solutions instead of products or services alone is an established strategy of many large enterprises, and innovative technologies like Web 2.0 enable new ways to integrate an ecosystem.

Create new capabilities

- **RULE #7: Embed flexibility in business models and information systems.** All aspects of the enterprise should be

designed not only to optimally perform the task at hand, but also to enable rapid change to drive superior performance.

- **RULE #8: Foster rapid, collaborative innovation in the enterprise.** New ways to collaborate and share knowledge, joined with greater transparency, are creating new forms of collaborative partnerships while lowering the cost of innovating across enterprise silos.

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How can IBM help?

Key solutions relevant to the issues and opportunities raised in this study include:

- **Strategy and Change:** Fuses business strategy with technology insight to help organizations develop, align and implement their business vision to drive innovation and growth
- **Technology Strategy:** Enhances competitiveness and creates new sources of economic value from technology
- **Innovative Technologies:** Helps clients realize the value of new technologies to achieve their business objectives

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