Digital Reinvention

Preparing for a very different tomorrow

Today’s uber-connected, empowered individuals seek 24/7 access and organizational transparency. They want to exert greater personal influence over organizations and participate in more digital activities as they conduct their daily lives. Looking ahead, 63 percent of the leaders we surveyed in this 2013 IBM Digital Reinvention™ Study expect consumers to gain even more power and influence over their businesses. The culmination of accelerating digital and other technological forces is spawning reinvention on an unprecedented scale. And yet, most organizations have not fathomed the full implications of a radically different, digitally-charged future.

Digital technologies will ultimately drive drastic changes in the economy: value chains will fragment, industries will converge and new ecosystems will emerge. As a result, the mechanics of value creation and value allocation will also change. Looking five years out, 58 percent of 1,100 executives we surveyed in the Digital Reinvention Study expect new technologies to reduce barriers to entry and 69 percent expect more cross-industry competition.

So, what will this future of continual Digital Reinvention entail? How will new convergent technologies impact organizations and industries? What can organizations start doing today to begin preparing for a vastly different business environment? In particular, which investments, priorities and actions can set the stage for success during turbulent and ongoing change?
The 2013 IBM Digital Reinvention Study considers the answers to such questions. To better understand the deepening impact of digital technologies on today’s organizations, the IBM Institute for Business Value surveyed approximately 1,100 business and government executives and 5,000 consumers across 15 countries. We also conducted in-depth interviews with 30 leading futurists (see Methodology section in appendix for more details).

Our analysis of study findings shows that as technological change persists, the interactions between organizations and individuals also keep changing – and this change is accelerating fast. In fact, the global economy was characterized as highly organization-centered for most of the 20th century. Its current state – individual-centricity – emerged around 1990, but this will further evolve into an everyone-to-everyone (E2E) model of engagement.

**A view of the vastly different future**

E2E is characterized by hyper-connectedness and collaboration of consumers and organizations across the gamut of value chain activities: co-design, co-creation, co-production, co-marketing, co-distribution and co-funding. In this integrated system, consumers and organizations work together to create value, with transparency driving trust and effectiveness. The differences among the three types of economic models can be illustrated by considering four key dimensions: connectivity, interactivity, awareness and intelligence (see Figure 1).
Seize the future through Digital Reinvention

Until the turn of the century, the most powerful impacts of new technologies took years to emerge. Today, we’re experiencing the transformative impacts of social media, mobile, analytics, cloud and other technologies at a highly-accelerated pace. Digital Reinvention has begun: it marks the start of a new technological and economic paradigm requiring the re-imagination of markets, strategy – and value itself.

Organizations must start reinventing themselves from the ground up to remain competitive. On one hand, rapid digitization is creating new value and new opportunities for organizations to gain influence and innovate. On the other, established norms are in peril due to the blurring of traditional industry definitions and formation of new ecosystems. To prepare for a radically different tomorrow, those who seek to prosper under Digital Reinvention should constantly redefine strategy in terms of how best to open up to external influences, connect to new ecosystems and partners, and drive digital mobilization across their organizations.

How can IBM help?

- Reinvent customer strategy - Formulate, implement and operationalize programs to reinvent customer relationships in the evolving everyone-to-everyone economy
- Reimagine the customer experience – Define the future of the interactive experience by harnessing deep customer intelligence and applying advanced personalization

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