CONVERGENCE OF IDEAS INDUSTRY 6.0

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How the convergence of ideas is shaping the new economy



Can you see the competition coming?



Strategies to prepare for the next level of competition under Industry 6.0





HOW THE CONVERGENCE OF IDEAS IS SHAPING THE NEW ECONOMY

- Industry convergence is not a new concept; it may actually be one of the oldest. As markets interact, they naturally exchange ideas, processes, and technologies, which makes them grow more intertwined.
 - Agriculture and trade collided to create banking.
 - More recently, the overlapping potential of healthcare and consumer electronics created wearables.
- Our globally connected society is only increasing the speed and scale with which convergence opportunities present themselves.
- Convergence at its core is centered around idea sharing. The
 concept of leveraging and learning from other industries to
 avoid wasting time and effort on creating something that
 already exists is often discussed in the context of product
 innovation, but the same can be applied across the board.
- Multi-industry resource pooling is an obvious benefit of convergence. As industries move closer together, their functional needs align more closely. This allows vendors that serve these industries to increase investment because the market for that need is now larger.

PAST

PRESENT

FUTURE













1st Stage

2nd Stage

3rd Stage

4th Stage

5th Stage

6th Stage

7th Stage

8th Stage

Human Labor Force (Specialization)

0.1 - Early humans were

Manpower is Replaced with Domestic Animals 0.5 - As human beings domesticated dogs,

horses and other livestock, our lives became easier with a more steady food supply, better living conditions and animals began to share the burden of work. What took a team of men a week to do in the fields, an ox could do in a dav.

Mechanization. Water Power. Steam Power

1.0 - Along with human

and animal power, the

continued specialization

of roles in society helped

lead to the advent of en-

gineering and technolo-

gy. Through these sci-

ences, chemical power

to do work without the

help of organic bodies.

For the first time, ma-

chines and metal were

tasked with working

successfully.

sources were developed

Mass Production Assembly Line, Mechanization

2.0 - With the creation of machines that can

produce parts consistently, you now have the basis for the production line. Repeatable parts leads to repeatable and consistent quality of products and processes. People were there to do the tasks that the machines could not do vet. The power of man shifted from the neck down to the neck up.

Computer Aided Automation. CAD/CAM

3.0 - Again, as machine took over the menial tasks of muscle the mind is left freer to learn and expand human technology. Science led to semi-conductor products and the computer age began. Initially. Hardware costs were the bulk of the expense for CAD, but this shifted as hardware was mass produced and software became much more sophisticated.

Sensor Robotic Manufacturing With A.I.

4.0 - Semi-conductor and additional scientific breakthroughs led to better sensors and feedback mechanical systems, better robotic manufacturing processes. As software becomes more sophisticated and better able to sense the environment, CAM systems produce quality beyond what human beings can reproduce.

Mentally Directed CAD/CAM Brain/Machine Interface

5.0 - The interface to

computer CAD/CAM is

streamlined by human

thought and materials

are 3D printed based on

socio-economic needs.

Most major appliances

and home systems are

automated to respond

to human speech and

transportation systems

respond to a central grid

to maximize efficiency

and safety.

highly sophisticated

A.I. Anticipates Human Needs and Plans Resources

6.0 - Manufacturing resources are managed by computerized systems, human beings move from a wealth based system to a cellular need culture and A.I.s manage resources. movement, scientific endeavors as well as living conditions to maximum efficiency. Human creativity an insights are shared at light speed globally.

left to their own resources and abilities to solve problems. Sometimes they solved problems well, other times they had to work together to survive. Over time we stratified our communities to more efficiently accomplish tasks and worked together to teach the next gener-

ation better ways to

survive.

CAN YOU SEE THE COMPETITION COMING?

"The boundaries of competition are becoming more ambiguous".

- A few years ago, CEOs could see the competition coming. The biggest risk was the advent of a new rival with a better or cheaper product or service. And you could fend off the threat by improving or expanding the range of products and services you offered, or getting to market more efficiently and imaginatively. Today, the competition is often invisible until it's too late.
- The 'Uber syndrome' where a competitor with a completely different business model enters your industry and flattens you.
- "Disruptive innovation" new entrants target the bottom of a market and then relentlessly move up market, eventually ousting established providers.
 - What was once a relatively rare phenomenon has now become a regular occurrence. Innovations that harness new technologies or business models, or exploit old technologies in new ways, are emerging on an almost daily basis.
 - The most disruptive enterprises don't gradually displace the incumbents; they reshape entire industries, swiftly obliterating whatever stands in their way.

STRATEGIES TO PREPARE FOR THE NEXT LEVEL OF COMPETITION UNDER INDUSTRY 6.0

Prepare for digital invaders

- Technology as the main game-changer with uncertain/ unknown impact
- Change in the way organizations engage with customers creating more digital, individualized experiences
- Getting to a segment-of-one understanding of the customer base
- Exploring the opportunities in adjacent spaces and stripping out bureaucracies so that organizations can move swiftly
- Put more scouts on the front line Delegate all but the most important decisions to the people who are closest to your customers. With decentralized decision-making, you'll have more scouts with greater freedom of action on the front line.
- **Share to shine** Ratchet up your plans to form new partnerships and be ready to "reciprocate" by sharing key resources with your allies so you can grow together.
- Seize the middle space Disruptors like Alibaba, eBay, Spotify and WhatsApp have each become the linchpin in a virtual network other companies use to reach their customers. Building an online forum where buyers and sellers can trade, share information and swap insights, and stimulating the development of a healthy ecosystem, can be a highly profitable strategy.

STRATEGIES TO PREPARE FOR THE NEXT LEVEL OF COMPETITION UNDER INDUSTRY 6.0

Create a panoramic perspective

- "The more nebulous your enemies and the faster the pace of change, the wider and further you need to look".
- "The hardest thing is working out whether what's happening is hype, trend or tsunami."
- Cloud computing, mobile solutions and the Internet of Things (IoT) are the technological elements of today's "wave" and will continue to dominate. Cognitive technologies (systems that understand natural language and are not programmed but learn) are rising on the horizon as the bridge to new levels of personalization and insights from exploding volumes of data.
- Cultivate your organization's cognitive capabilities Using
 predictive and cognitive analytics to scrutinize the real-time data
 you receive from the marketplace and your partners will help you
 forecast the future with a greater level of confidence.
- Form your own futures squad Set up a specialist forecasting team, equipped with the right technologies and skills, trained to use probabilistic reasoning techniques and to recognize and eliminate bias.
- Take an eco-centric view of the world Assess the caliber of all the enterprises in your ecosystem. Are you leveraging all their contacts, skills and assets? Are there any weak links? Are there any missing skills? Does your ecosystem have the right expertise to exploit new trends and technologies and boost its power to compete. If not, where should you look?

STRATEGIES TO PREPARE FOR THE NEXT LEVEL OF COMPETITION UNDER INDUSTRY 6.0

Be first, be best or be nowhere

- "There are no rules or prior case studies on what we're trying to do with our business and business model. We feel like we're operating on the edge of the market".
- The trickiest issue is choosing the right new business model; concerns about investing too much too soon or cannibalizing current revenue streams crop up regularly among today's CEOs. It is hard to test new models within the existing corporate frameworks; however, in order to survive organizations need to be turned into "living laboratories".
- "We live in a moment where individual creativity and continuous innovation are essential. We should be thinking in terms of 'return on inspiration'."
- Investigate unfamiliar territory Concentrate on building broader networks and look at what companies in unrelated industries are doing to get completely different ideas.
- Go offline to test for the best Set up an innovation center outside your current organizational structure for incubating and piloting new business models and offerings. Give it the latitude to experiment properly. Including sufficient time and resources.
- Create and capture the moment Once you've decided to launch a new business model, product or service, move fast and be prepared to bet big. It's difficult to triumph as a market pioneer when technological advances are appearing so rapidly they can render even recent innovations obsolete.

Opening up to customer influence

- Businesses are becoming not just customer-centric but customeractivated.
- Establishing Customer Advisory Boards to get direct input on strategic issues Customer influence should not be confined to activities in which customers have traditionally participated, such as developing new products or services. Instead, CEOs stand ready to relinquish absolute power of what is typically considered their domain developing business strategy.

Pioneering digital-physical innovation

- Digitization of front offices to sync with customers more effectively
- Reconfiguration of businesses' offerings to capitalize on social networks and mobile connectivity
- Reshaping of operating models to inject customer input into every aspect of the buying and selling chain

Crafting engaging customer experiences

- A shift to social and digital interaction
- Understanding and engaging the customer as an individual rather than as a category or market segment

ORGANIZATIONAL RESTRUCTURING IN LIGHT OF INDUSTRY 6.0

In an era of abundant connectivity and information, and ubiquitous digitization, the new economic equation favors transparency. In search of innovation, business leaders open up their enterprises bringing down barriers to extend collaboration inside and outside.

- Chief Financial Officers step up to help create new business models
- Chief Human Resources Officers take up social and analytics to rework work
- Chief Information Officers look outward to generate new value
- Chief Marketing Officers have big aspirations about enabling transformational change and face big hurdles.
- Chief Supply Chain Officers embed customer analytics to advance operations.

ORGANIZATIONAL RESTRUCTURING IN LIGHT OF INDUSTRY 6.0

Scope

- Forward-looking and boulder about exploring opportunities in related industries
- Clear understanding that they compete as part of a bigger ecosystem of interdependent entities, which greatly enhances their potential impact on the market
- Strong ability to define where they want to play, while keeping their options as open as possible in an era of discontinuous change

Scale

- Brave about investing in emerging technologies with high risks and returns
- Very aware of the need to preserve their competitive advantage and scale their expertise.
- Supportive of their ideas to the hilt because they know the biggest slice of the economic pie will go to just a handful of enterprises

Speed

- Agility, strong will to experiment and confidence about taking the lead
- Recognition of the pace at which the economy and technology are evolving and the importance of dominating the market before the competitors do.

WHAT DO THE "TORCHBEARERS" OF INDUSTRY 6.0 LOOK LIKE?



CONCLUDING REMARKS

- The convergence of ideas represents the most fundamental growth opportunity for organizations and will redefine industry boundaries by shifting the focus from individual products to cross-industry value experiences, based on digital business principles.
- On the other hand, the convergence is also a threat since other companies can absorb the organization's core business to fulfill their own industry convergence objectives.
- The success of cross-industry value experiences
 depends on a thorough ecosystem strategy, selecting the
 right partners within it and executing an industry
 expansion strategy.

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QUESTIONS

