

The Next Wave of Enterprise Technology

Implications for Managers;
Opportunities for 'Consultant Catalysts'



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June, 2010

Key Take-Aways

- **We're heading into a new wave of growth**
 - Fueled by consumer digital technology
 - Heading toward an enterprise near you
- **This wave unleashes disruptive opportunities**
 - ...and along with opportunity comes complexity
- **Anytime new complexity abounds, management consultants have work to do:**
 - ...to frame new ambition
 - ...to instill appropriate disciplines and conversations
 - ...to re-align execution with new strategic priorities

Setting the context for the next wave: A 'MACRO' PERSPECTIVE

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2011: Start Of The Next 8-Year Cycle?

Famine
2003-2010

Digesting Y2K binge, tech bubble, finance meltdown, reengineering/ERP hangover, consumption gap widens

Feast
1995-2002

Time of the Great Happiness -- Client-Server, Internet, ERP, Y2K. IP 'wins.' Tiered architectures work. Enterprise stack takes shape.

Famine
1987-1994

Multiple chasm crossings to enable Client-Server – LAN battles; Windows, Workstations, multiple UNIXes. Proprietary email apps. Apps trapped in hardware. Pre Windows 3.1.

Feast
1979-1986

Minicomputer and DOS PC tornados. Departmental computing apps (MRP, CAD, Office Automation). CIOs put in place to bridge central and decentralized systems

Famine
1971-1978

IBM marginalizes the BUNCH (Burroughs, Univac, NCR, Control Data, Honeywell); MIS apps from your hardware vendor.

Feast
1963-1970

Mainframe tornado; batch-based financial apps; data entry; statistical analysis; IT = Data Processing

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...That's Where We've Been...



...So what's next?

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Three Key Assertions From the Last Cycle of Feast & Famine

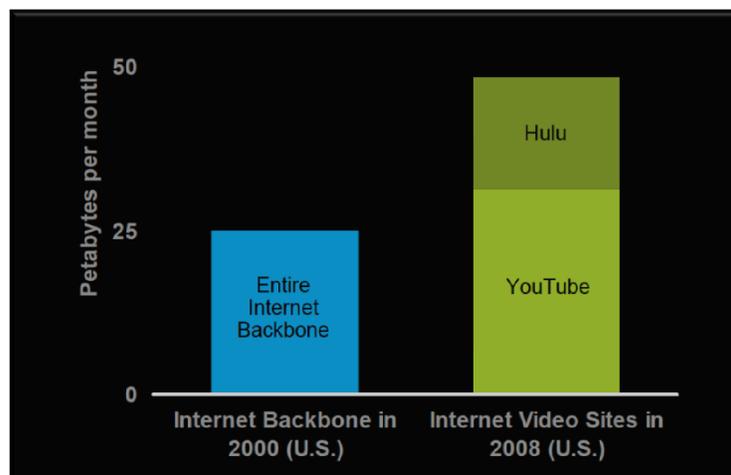
- **Developments in information technology have been dramatic and significant**
- **Shifts in management practices have been incremental and slow**
- **A new business infrastructure is emerging**
 - Global
 - Digital
 - Connected

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Fun Factoid #1:



Source: BU School of Management; Cisco

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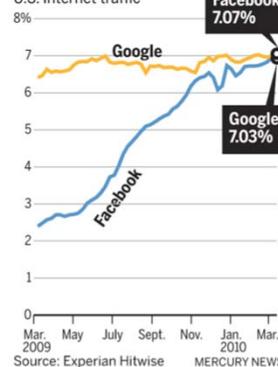
Fun Factoid #2:



- 400 million active users
- 70% outside USA
- 100 Million access using mobile devices
- 50% log on in any given day
- 500 billion minutes per month
- **>570 billion page views/month – April-May 2010**

More popular than Google

Last week, Facebook for the first time surpassed Google in weekly market share of U.S. Internet traffic



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IT Innovation: For the Past Decade The Times They Are A-Changin'



**Enterprise IT
On Hold**



**Consumer IT
On Fire**

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Redefining IT for Consumers The Digitization of Human Culture

- **Internet changes everything**
 - Infinite content, no barriers to entry, no barriers to exit
 - Communications are any-to-many-to-one
 - Social networks, Skype, Twitter
- **Broadband changes everything**
 - Pictures and video are the killer apps
 - Newspapers and magazines are toast
 - TV and radio are being reengineered even as we speak
- **Mobile changes everything**
 - PC for the emerging markets
 - iPhone sets the bar in mature markets
 - Texting, camera, location-based services

This *is* cloud computing
What does it mean for the enterprise?

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Two Types of Business Network

B2C Networks

Google, Nike, Amazon, WalMart,
Apple, Citibank

- For volume operations
- Transaction oriented
- Outgrowth of *value chains*
- Want to design out complexity
- Must win consumer preference

B2B Networks

IBM, Boeing, Goldman, Merck,
Cisco, Oracle

- For complex systems
- Relationship oriented
- Outgrowth of *project teams*
- Want to outsource commodity work
- Must target high-value challenges

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Next-Gen Digital Tech for B2C Networks From Systems of Record → Engagement

- **Next-Gen Point of View**
 - 'Late binding'
 - Little 'human touch'
- **Spotlight falls on metadata and analytics**
 - Optimized for flexibility...
 - ... and recombinations, on-demand
- **Path Forward**
 - Media & Advertising will lead
 - Retail and other sectors will follow, but expertise is scarce
- Collaborative filtering
- **Behavioral targeting**
- Personalized transactions
- **Location-based services**
- **Predictive analytics**
- Machine learning
- **Fraud detection**
- Multi-channel engagement
- **With more to come**

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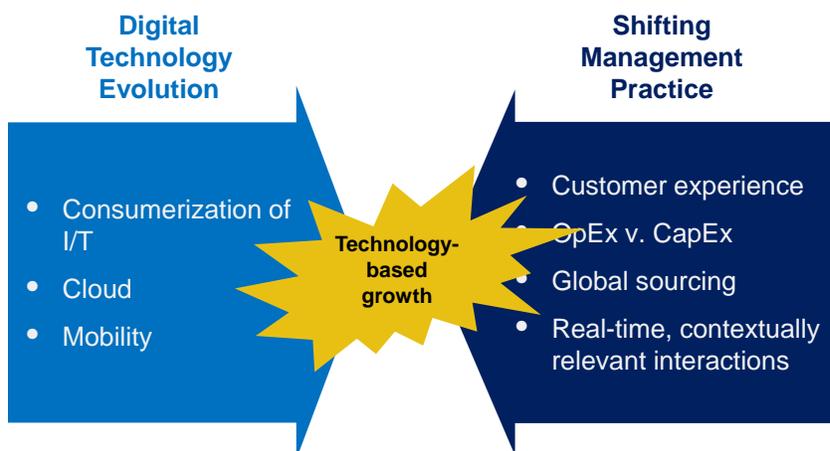
Next-Gen Digital Tech for B2B Networks From Productivity → Enablement

- **Next-Gen Point of View**
 - Mediated by communication, collaboration
 - Digitized work, empowered people
 - **Spotlight falls on leaders of initiatives and teams**
 - Optimized for cycle time...
 - ...triggered 'in the moment' with relevant assets at the fingertips of the right people
 - **Path Forward**
 - Consumer social web: infiltrating the enterprise
 - Inter-enterprise work, SaaS and global sourcing are the next big 'nuts to crack'
- Enterprise Facebook
 - Enterprise YouTube
 - Enterprise vitality streams
 - Round-the-clock presence detection
 - On-demand conferencing
 - Telepresence
 - Twikis with a purpose
 - Mobile-centric processes
 - With more to come

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Closing the Consumption Gap The Basis for an 8-Year 'Feast'?



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Framing opportunities in the next wave:
**THE ALIGNMENT
IMPERATIVE**

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The 'Dark Side' of Growth:
Complexity, Uncertainty, & Rapid Change

- **Dynamic markets are hard to track**
 - Too many interdependent variables
- **Conventional planning doesn't work**
 - Too much change too fast
- **Top management can sort it out**
 - They get the best data and see the whole picture
- **But the rest of the enterprise cannot**
 - Partial views complicated by local agendas
- **End result**
 - Confusion, frustration, waste, ineffectiveness

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Becoming Part of the Solution: The Role of Consultants as Catalysts

- **Accept the dynamism**
 - Instill management discipline of *course correction*
- **Set true north**
 - Balance high ambition with pragmatism
 - Get crystal clear about strategic intent
- **Make small course changes frequently**
 - To avoid the massive risk of making a large one
- **Distinguish different levers to pull**
 - ...and keep them in synch!

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Modeling the Dynamics The Hierarchy of Powers

Category Power	Impact of overall category growth and maturity
Company Power	Impact of company's status in the category
Market Power	Impact of company's status in a target market
Offer Power	Competitiveness of the offer vs its peers
Execution Power	Effectiveness of the organization vs its peers

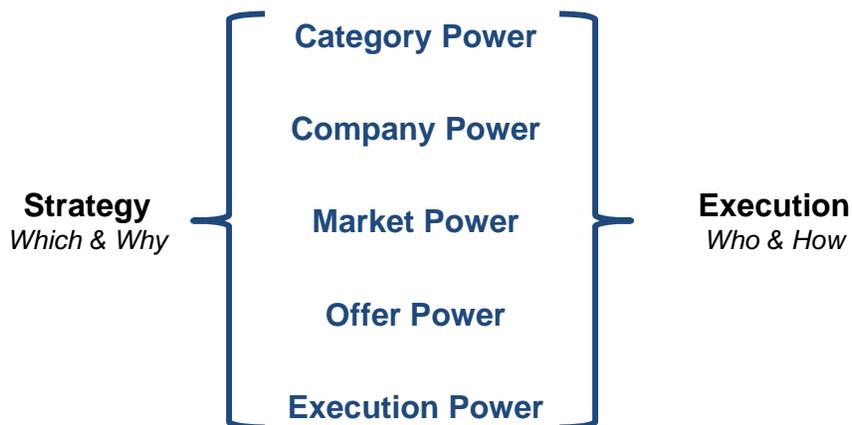
**The key to alignment is to
target the right powers at the right time**

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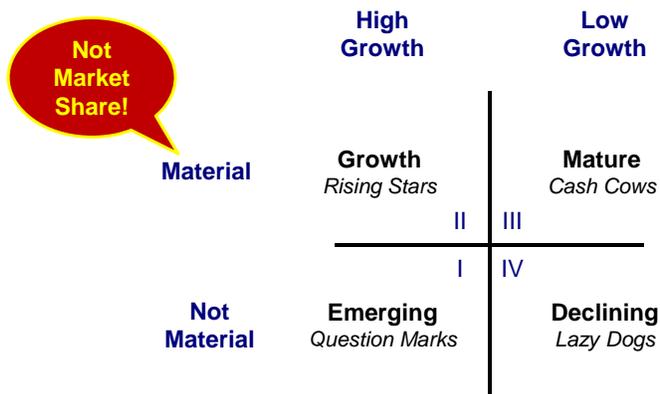


Aligning Strategy and Execution Models & Frameworks to Get & Stay in Synch



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Portfolio Management The Growth/Materiality Matrix



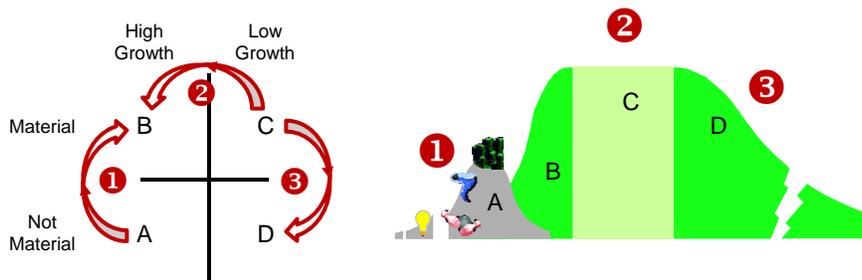
Materiality is what creates conflict of interest

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Three Levels of Portfolio Management



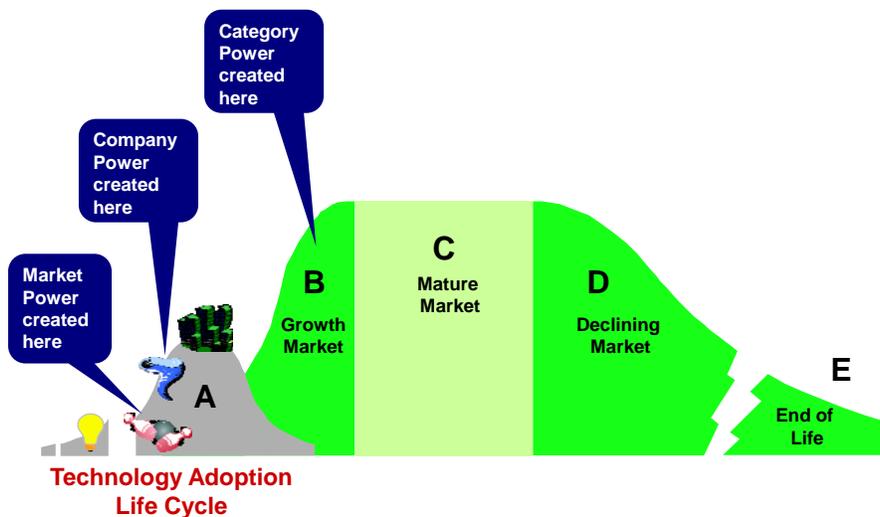
- 1 = Crossing the Chasm – Acquiring Category Power
- 2 = Reinventing the Offer – Renewing Category Power
- 3 = Harvesting the Asset – Liquidating Category Power

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Category Maturity Life Cycle



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Category Power

Key Questions

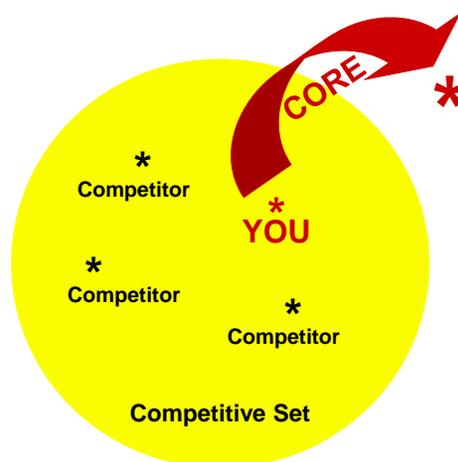
- What category or categories are we in?
- What role is each category playing in our business on the growth/materiality matrix?
- What is the 3-year potential of each based on the Category Maturity Lifecycle?

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Building Company Power:

Achieving Competitive Separation



**Gain bargaining power
by getting separation
from your
competitive set**

**Customers cast the
deciding vote with
their dollars**

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Company Power

Key Questions

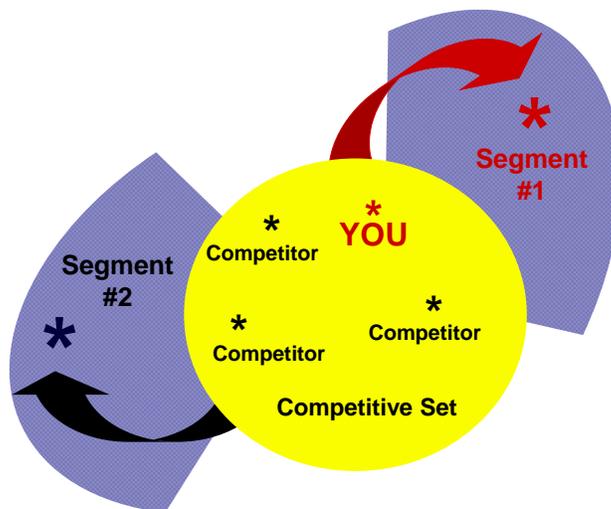
- Are we inside or outside the Yellow Circle today?
- What capability or asset is Core:
 - Hard to replicate, owned by you, essential to customer value?
- What is the staying power of that capability or asset – how fast can our competitors match it?
- In allocating leadership capacity, headcount, and opex, are we funding Core first?

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Building Market Power:

The Gorilla-In-The-Niche



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Nine-Point Market Strategy



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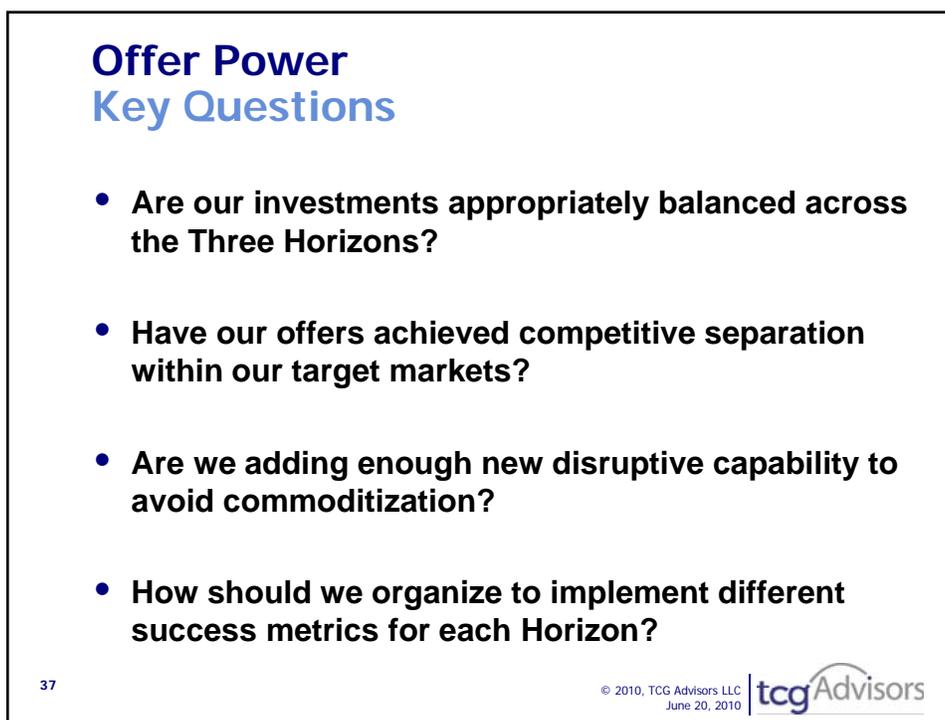
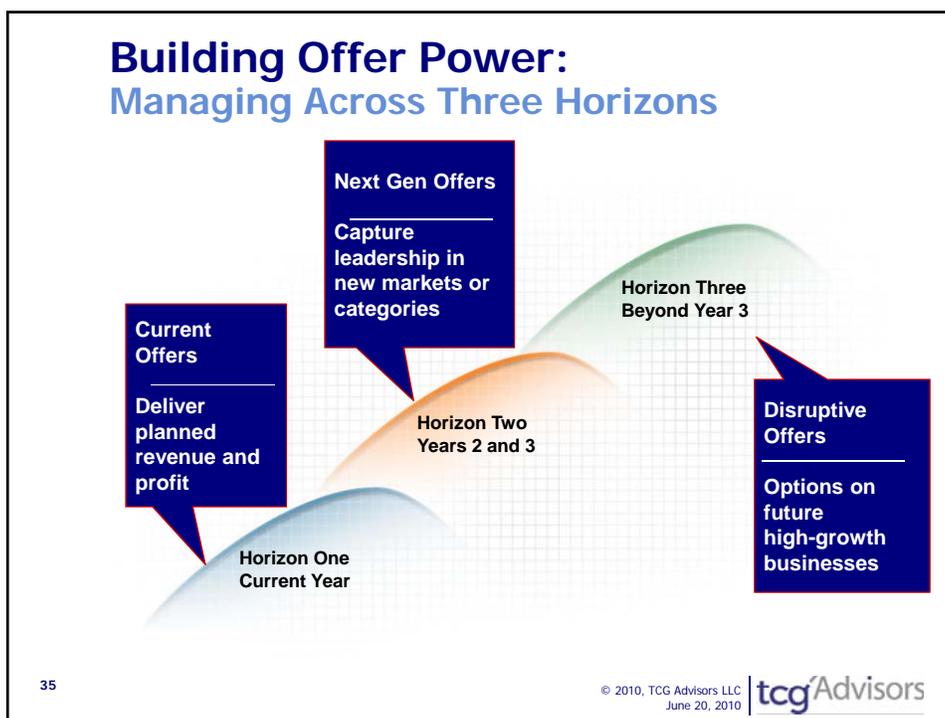
Market Power

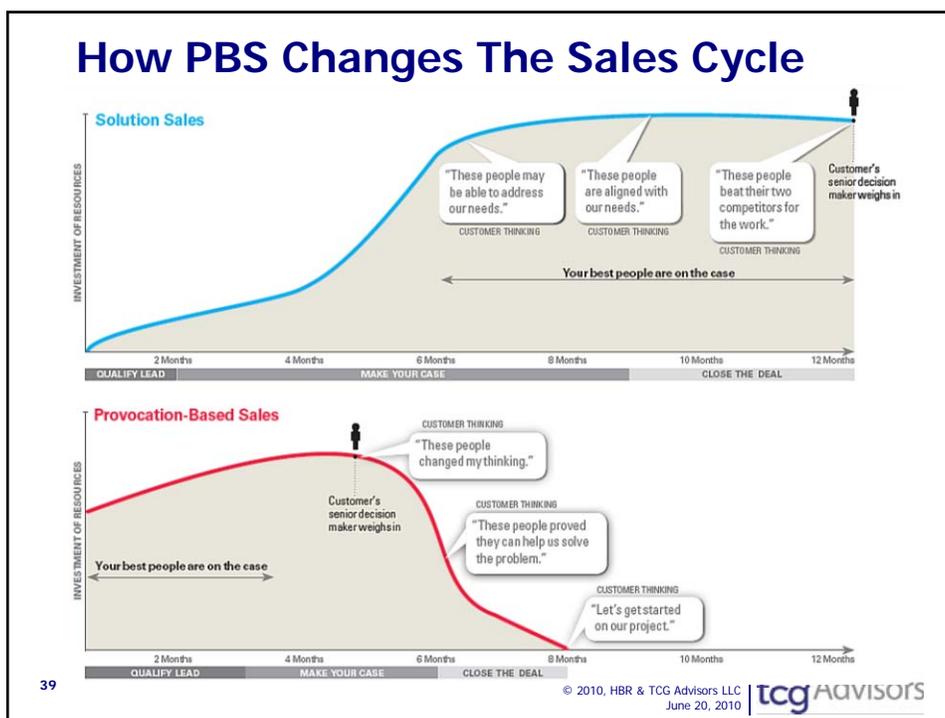
Key Questions

- **What is our must-win target market?**
- **Is it ...**
 - Big enough to matter?
 - Small enough to lead?
 - A good fit with our Core?
- **Are we aligned on the Nine-Point Market Strategy to win in our target market?**
- **Have we made the full resource commitment required for market leadership?**

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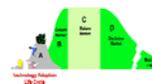
Execution Power Key Questions

- What are the 25 accounts that would be the most powerful references within our target market?
- Are we executing referral-based marketing programs to gain executive access within these accounts?
- Do we have a 10-slide provocation pitch that causes customers to reallocate budget from other categories to our category?
- Are we tracking our PBS-based pipeline in parallel with our run-rate business?

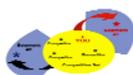
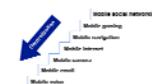
Recap: The Hierarchy of Powers



Category Power



Company Power



Market Power



Offer Power



Program Power



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Thank you!

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