

# The Impact of New Business, Economical and Societal Models for the Future of the ICT Industry

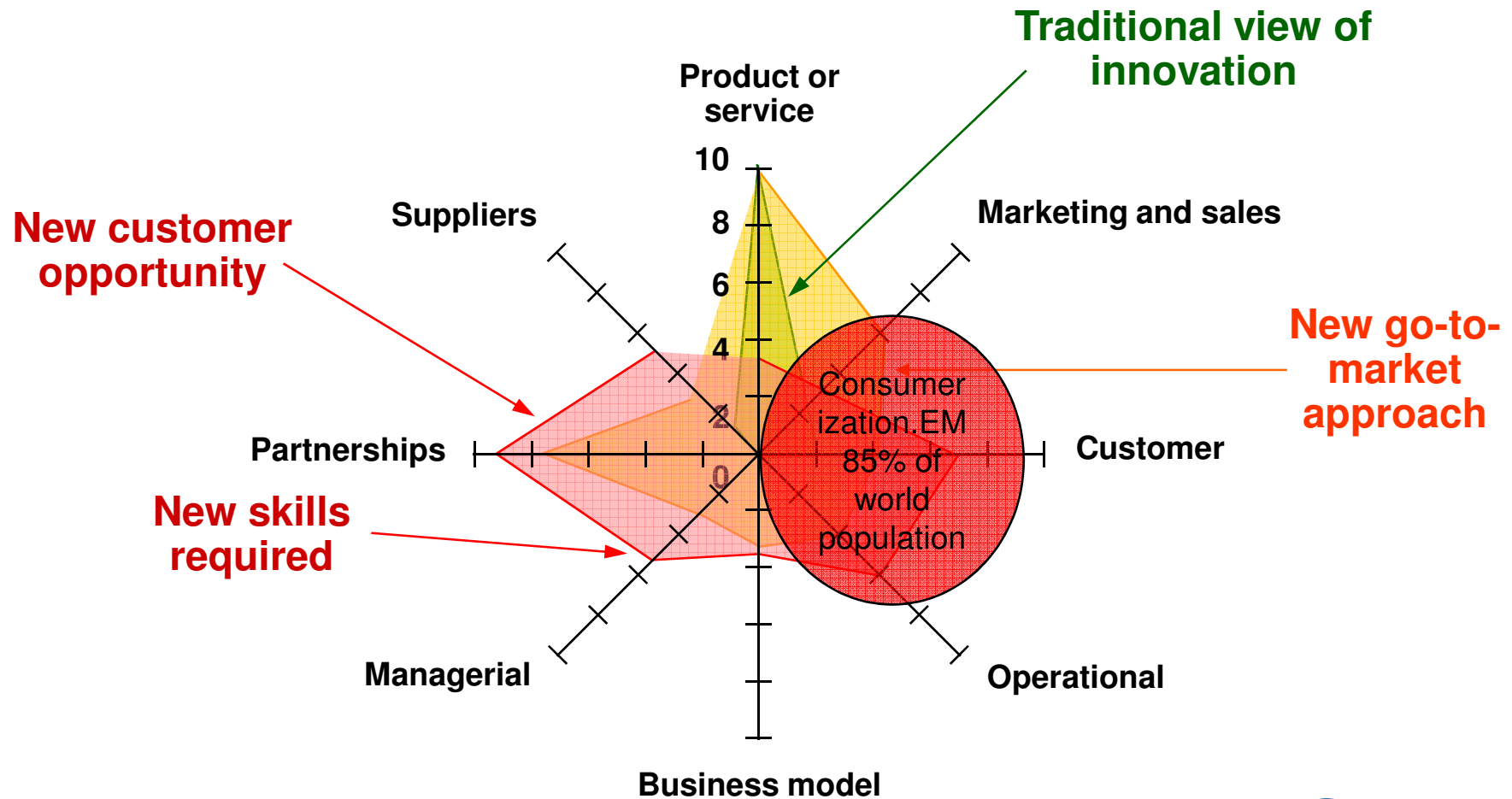
Martin Gutberlet

[martin.gutberlet@gartner.com](mailto:martin.gutberlet@gartner.com)

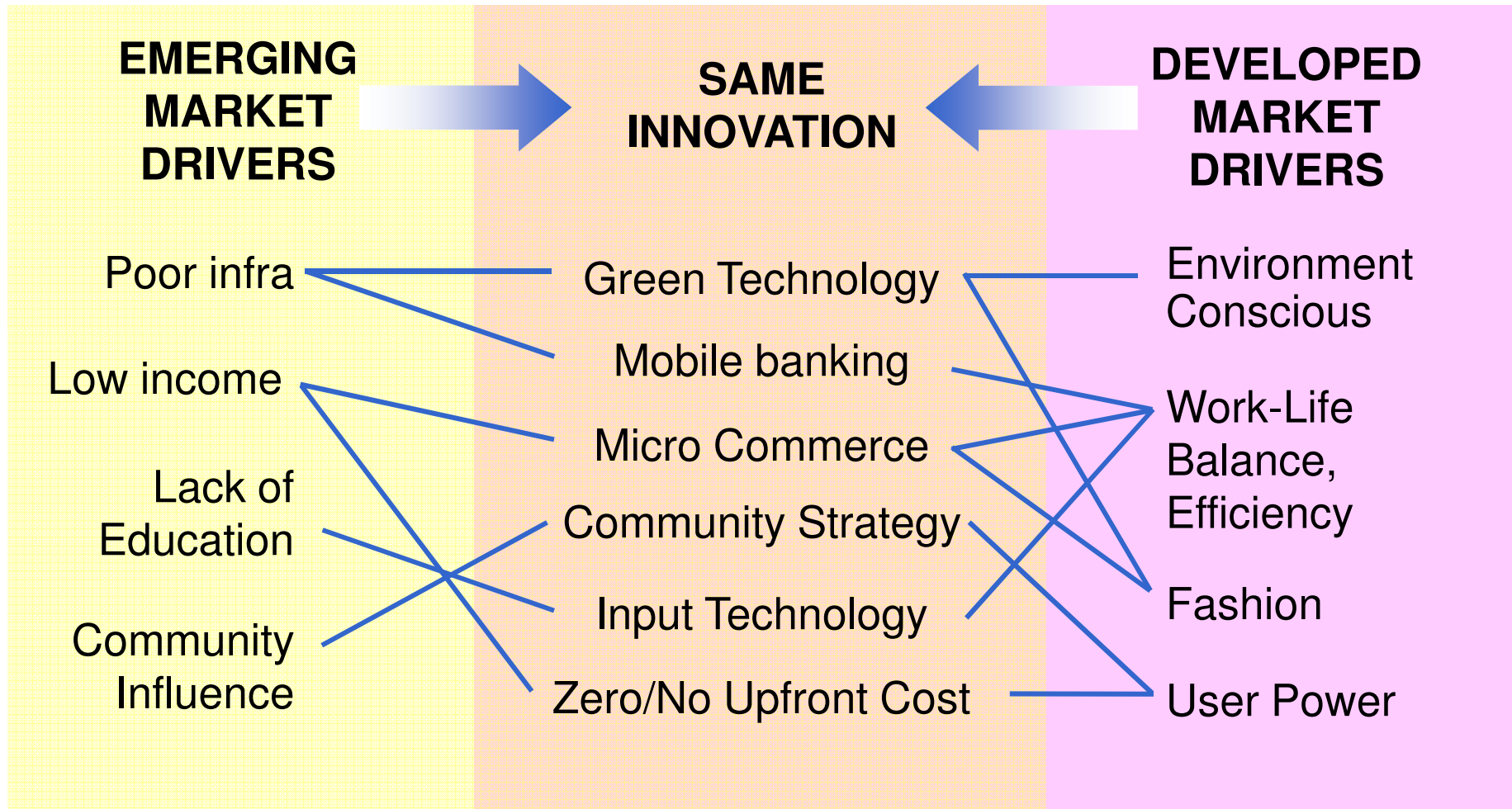
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# 1st Myth: Innovation = R&D

## *Multiple Dimensions of Innovation Model*



# 2nd Myth: Innovation by Developed Markets, only



# 3rd Myth: Innovation driven by Network Operators



## A Typical Network Operator

- **Defensive of traditional revenue streams (Cannibalization!)**
- Conservative culture, valuing predictability, reliability, quality of service
- Technology-driven innovation such as MMS, mobile TV, Push to Talk
- Favour “innovation” close to existing capabilities, e.g. triple play
- Deliver inflexible products and services
- The company identifies the opportunities
- Usage based revenue

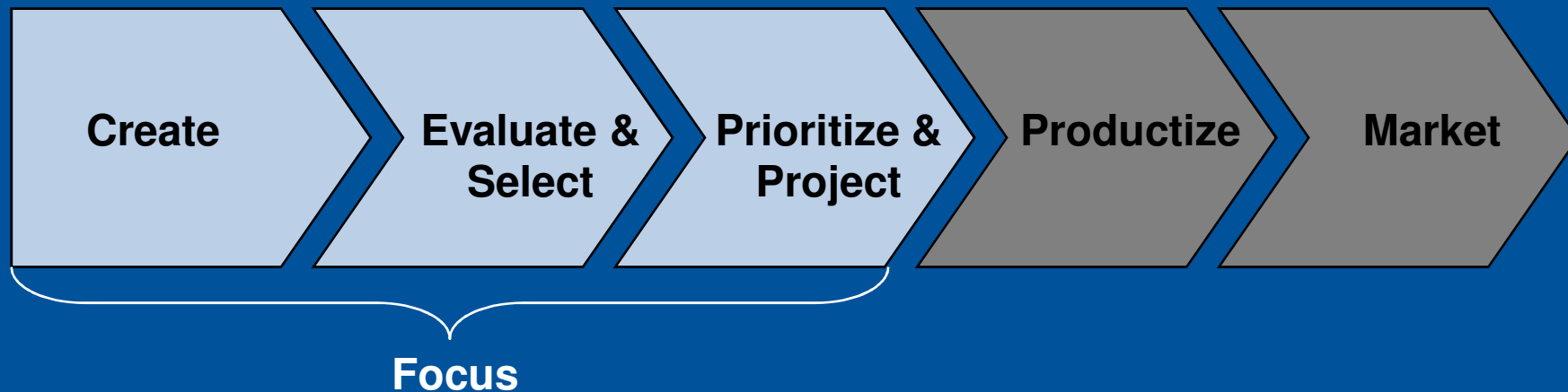


## A Typical Web Innovator

- **Broad innovations, nothing is forbidden**
- Adventurous, radical culture, nothing to lose by experimenting
- Risky - many fail
- Deliver capabilities not products
- Design for extensibility and combination, e.g. web services & mash-ups
- The community identifies the opportunities
- Broad range of revenue models: advertising, subscriptions, transactions, ...

# Stages of making an Innovation real

Business Strategy defines goal of Innovation



# Key Issues

- You don't know what you don't know
- You know what you want but don't know how to build it
- You just want risk mitigation and business continuity

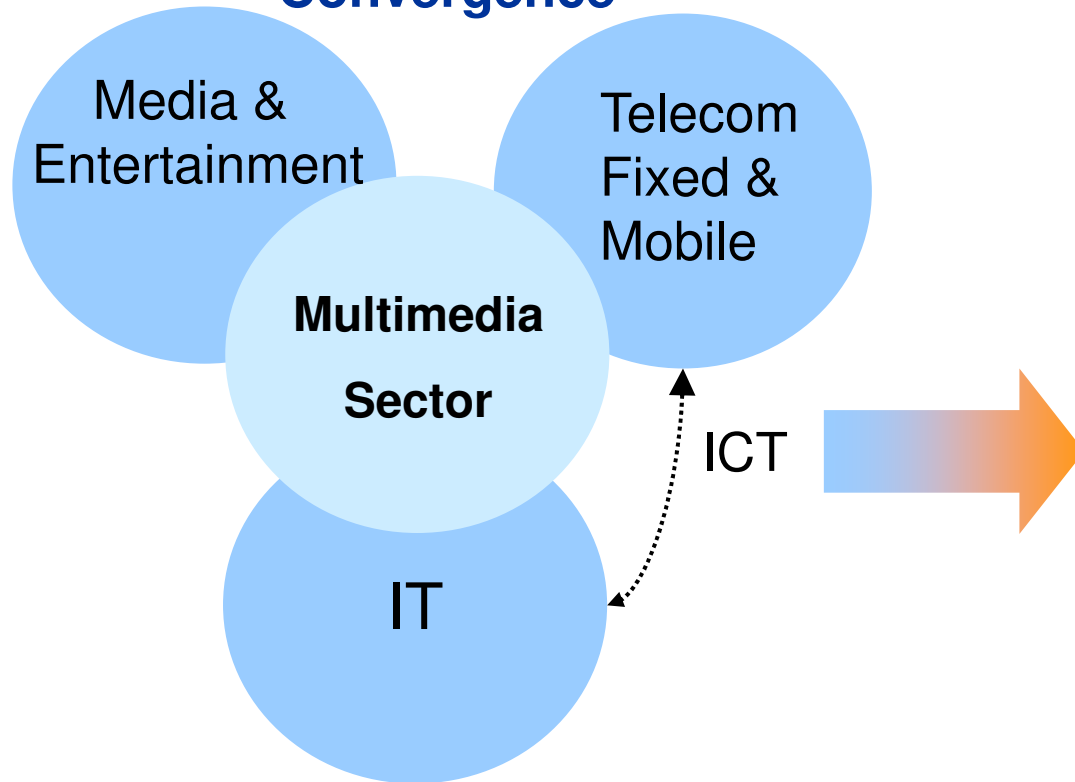
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# Industry Sector Consolidation

## Innovation from new and old “Kids on the Block”

### Sector Convergence



### Innovations

- Apple iPhone - “Object of Desire”
- Microsoft OCS – End of PBX
- Joost – Internet based IP TV
- Mixi – Mobile Social Community
- Nokia ovi – Intelligent Portal
- Salesforce.com - SaaS



# Objects of Desire — The Innovation Case of iPhone!



- Mass hysteria or outstanding product?
- More than 500,000 units sold in three days (despite being one of the most-expensive phones on the market)
- Enterprises *will* be faced with demands to integrate iPhone into the infrastructure.

## Business Strategy defines goal of innovation



Business Strategy: Leadership in design & brand for objects of desire for ICT

# Create

# Where to look?

- Internal
  - R&D
  - Think Tanks
  - Affiliates
- External
  - Communities
  - Research
  - M&A
  - Universities
  - Art Schools



Idea of Steve Jobs and Jonathan Ive



Design Phone with focus on usability

# Evaluate & Select

# What to fund?

- Define filter criteria
  - Managed  
*Top Down*
  - Encouraged  
*Bottom up*
- Test the idea with
  - Internal e.g. Board  
*Management understanding*
  - External e.g. Communities  
*IPR issues*
- Innovation needs to address
  - Visceral
  - Functional
  - Reflective



Top Down

Management Evaluation  
& Selection

“Cool I want one”

“I get my music on it”

“People are jealous”

# Prioritize & Project      How to Balance Portfolio?

- Funding
  - Money
  - Time
- Set-up project
- Prototype/Pilot
- Test pilot with user group
- Continuous improvement



First approach of Apple  
with Motorola was failure



Control of entire value  
chain, i.e. device, software,  
and iTunes

Allow mistakes

# Productize Market

# How to make it real? How to position?

## Productize

- Production Planning
- Plant
- Sourcing and SCM
- Forecast of shipments



Rigorous production and  
sourcing e.g. Taiwan

Lean production

Forecast model

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## Market

- Branding
- Service
- Price

Leverage Apple's Brand

Revenue Share with Carriers

High Price

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# Innovation needs agility



The Lockheed SR-71 “Blackbird”, developed initially as a skunkworks project.



Java was developed by a group who were a small team physically separated from Sun’s bureaucracy.

**facebook**

Facebook founded by a single guy, Mark Zuckerberg, in his spare time at college.

**Are you ready to fund money & time outside your organization?**

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# Proactive Management of Technology Innovation — The STREET Model

**Goal:** Identify and invest in the *right* emerging technologies and methods early enough to gain advantage, but late enough to manage risk.

## 1. **S**cope

Provide focus and scope for investments.

## 2. **T**rack and Scan

Track and scan for new technology opportunities. Capture for decision making.

## 3. **R**ank

Select subset of methods and technologies most likely to benefit your business.

Fast Track for game changers

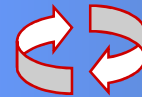
## 4. **E**valuate

Investigate and determine actions on selections.



## 5. **E**vangelize

Influence organization to bring key technologies to production.



## 6. **T**ransfer

Transfer knowledge and responsibility to those who'll develop operational systems.

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# Recommendations

- You don't know what you don't know  
=> Solution: Use bottom up innovation
- You know what you want but don't know how to build it  
=> Solution: Use small agile teams.
- You just want risk mitigation and business continuity.  
=> Solution: Use the STREET Model

**The rising power of individuals will lead to more - maybe disruptive - innovation for all enterprises ... find a way to harness it"**

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