

Tech Trends for  
Consumer Products 2013  
Elements of postdigital



# Preface

Welcome to Deloitte's annual report examining trends in technology put to business use. Once again, we've selected ten topics that have the potential to impact businesses over the next 18 to 24 months.

Developing the list of trends is an ongoing process of primary and secondary research. The process includes:

- Feedback from client executives on current and future priorities
- Input from Deloitte industry and practice leaders
- Perspectives from industry and academic luminaries
- Research from alliance partners, industry analysts, and competitor positioning
- Crowd-sourced ideas and examples from our global network of practitioners

This year's theme, *Elements of postdigital*, examines the convergence and controlled collision of five forces – Analytics, Mobile, Social, Cloud, and Cyber – as businesses move closer to achieving the possibilities of the Postdigital Enterprise™, where all five forces are mature, implemented, integrated, and baked-in instead of bolted-on. These five forces offer a new set of tools for business, opening the door to a new set of rules for operations, performance, and competition. IT can deliver engagement and empowerment to business customers, both innovating and industrializing.

The Postdigital era, like the post-industrial era, reflects a "new normal" for business and a new basis for competition. In post-industrial times, we didn't forego industrialization, we embraced it. The Postdigital era is similar, but with digitalization as its core.

It's an uncommon time to have five forces – all newly emerged, all evolving, all technology-centric – already impacting business so strongly. It is an opportunity for IT to deliver extraordinary value via modest investments on top of a strong legacy technology footprint.

Our 2013 report shares ten trends grouped into two categories. *Disruptors* are opportunities that can create sustainable positive disruption in IT capabilities, business operations, and sometimes even business models. *Enablers* are technologies in which many CIOs have already invested time and effort, but which warrant another look because of new developments or opportunities. Enablers may be more evolutionary than revolutionary, but the potential is often there nonetheless to elevate the business game.

For 2013 we have also attempted to personalize our general Tech Trends article to include topics and examples specifically relevant to the Consumer Product industry. While we have maintained much of the rich content contained in the original version of this article, we've specifically included examples from leading Consumer Products companies such as Schwan's (Mobile Only and Beyond) and OfficeMax (Design as a Discipline), and have also featured our collaboration on Big Data with the Grocery Manufacturers Association (GMA).

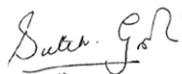
Each topic also includes an external point-of-view in the *My Take*. This year, you'll also find a new section called *Flying Car Future*, which takes a provocative view into where the trend may be headed in Horizon 3 – and beyond. Last but not least, where we deem applicable, we've included our Consumer Products perspective to share our industry insight on the implications of the respective trend.

Each of the 2013 trends is relevant today. Each has significant momentum and potential to make an impact. And each warrants timely consideration. Forward-thinking Consumer Products organizations should consider developing an explicit strategy in each area – even if that strategy is to wait and see. But whatever you do, step up. Provoke and harvest disruption. Don't get caught unaware or unprepared.

Thank you for your interest in this year's report. We welcome your feedback and questions. To the many executives who have provided input into Tech Trends for Consumer Products 2013, thank you for your time and insight. We look forward to having more of the essential dialog between business and IT.



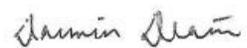
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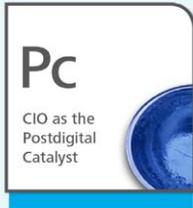


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# At a Glance

## Disruptors

Opportunities that can create sustainable positive disruption in IT capabilities, business operations, and sometimes even business models.



### CIO as the Postdigital Catalyst

#### Catalyzing value from the elements of mobile, social, analytics, cloud and cyber

CIOs can lead the move to tomorrow – reshaping business as usual, and driving innovation. They are faced with unprecedented opportunity for innovation such as the potential to enable Customer Intimacy at scale for Consumer Products Organizations. How should business respond? When CIOs harness the convergence of the five postdigital forces, they can change the conversation from systems to capabilities and from technical issues to business impact. Plan big, start small, fail fast, scale appropriately.



### Mobile Only (and beyond)

#### The enterprise potential of mobile is greater than today's smartphone and tablet apps

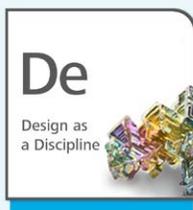
Mobile should be top of mind for organizations. But don't limit your ideas to Mobile First. Think *Mobile Only*, imagining an untethered, connected enterprise. The next wave of mobile may fundamentally reshape operations, businesses and marketplaces – delivering information and services to where decisions are made and transactions occur. The very definition of mobile is changing – as evidenced by our featured Consumer Products organization that already improved customer service efficiency and quality through the Mobile Only paradigm.



### Social Reengineering by Design

#### How work gets done is no longer constrained by 19th century platforms

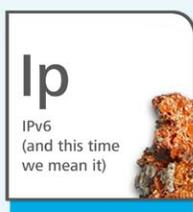
Businesses are no longer building technologies just to enable interaction – they are now engineering social platforms for specific context – platforms that can relieve rather than serve traditional organizational constraints such as deep hierarchies, command-and-control cultures, physical proximity and resource concentration. Social reengineering can fundamentally transform how work gets done, but it isn't just a "project." It's a strategy. It's time to uncover the opportunities for Consumer Product organizations to harness the power of the crowd to augment business operations through external communities.



### Design as a Discipline

#### Inherent, pervasive and persistent design opens the path to enterprise value

Driven by consumer experience, intuitiveness and simplicity are moving from IT aspirations to enterprise mandates. Design is not a phase; it's a way of thinking. Beyond look and feel, beyond user interfaces. Isolated in silos of user experience (UX), marketing and product development, individual design functions may be reaching their limits. What's needed is a collaborative, immersive environment to work together. Design is not just an "IT thing" or a "marketing thing" or a "product engineering thing." It's an *enterprise* thing as evidenced by our featured Consumer Products organization that dramatically improved user productivity and customer experience.



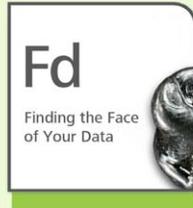
### IPv6 (and this time we mean it)

#### Ubiquitous connected computing is straining the underlying foundation of the Internet

Internet Protocol is the foundation of networking, but we've run out of addressable space for addressable items. The more important it is for your business to connect with the outside world, the more important IPv6 is for your future – and the more urgent this issue is for you today. IP addresses are woven deep into applications and infrastructure, and migration can bring challenges. While there's no drop dead date for IPv6, the final IPv4 address blocks have already been allocated. Careful and proper adoption will take time for planning, execution and verification. The time to start is now.

## Enablers

Technologies in which many CIOs have already invested time and effort, but which warrant another look because of new developments or opportunities.



### Finding the Face of Your Data

**Fuse people and technology to discover new answers in data – and new questions, too**

Humans do some things really well, while computers are better at other things. It is this particular combination that enables the identification of new patterns and relationships across dimensions of data – structured and unstructured, internal or external, big or otherwise. By combining human insight and intuition with machine number-crunching and visualization, companies can answer questions they've never answered before. For Consumer Products organizations, Deloitte's collaboration with the Grocery Manufacturer's Association is raising awareness of the business value of data visualization.



### Gamification Goes to Work

**Driving engagement by embedding gaming in day-to-day business processes**

Gamification can encourage engagement and change employee, customer and supplier behavior, creating new ways to meet business objectives. The goal is to recognize and encourage behaviors that drive performance – sometimes in unlikely places. This trend has moved beyond hype and is already demonstrating business value. More specifically, Deloitte's collaboration with the Grocery Manufacturer's Association is exposing the significant potential for consumer-targeted applications (such as in-store gamification).



### Reinventing the ERP Engine

**Revvig up data, hardware, deployment and business model architectures at the core**

If you could really get ERP cheaper and faster, what would you do differently? Run materials requirement planning (MRP) many times each day? Close the books in a matter of minutes? Optimize delivery routes on-the-fly in response to new orders, traffic or customer preferences? What would it mean for business agility, capability and competitiveness? If approached with a focus on reinventing business capabilities, the evolution of the ERP engine can yield significant competitive edge.



### No Such Thing as Hacker-proof

**If you build it, they will hack it. How do you deal with that?**

You've either been breached – or you soon will be. Your boss knows it, your business knows it, your board knows it, your customers know it, and hackers know it. It's your job to deal with it. That means changing the way you think about defending yourself. Be more proactive about the threat – and react more rapidly when breaches do occur. Detect them quickly, respond, clean up and adjust your tactics. Be outward-facing, prepared and ready in advance. Anticipate and prevent when possible, but be ready to isolate and encapsulate intrusions to minimize impact. It's better to lose a finger than to lose an arm.



### The Business of IT

**After reengineering the rest of the business, IT's children deserve some shoes**

Fragmented processes and systems can prevent IT from effectively delivering on the changing demands of the business. IT may need to transform its own management systems to keep up. Is this ERP for IT? Maybe someday. Today, CIOs are crafting solutions from industry-leading products and testing business cases at each step. And the potential benefits are worth the investment – not only in driving down costs and better managing risks, but in positioning IT as the business partner in provoking and harvesting disruption in the Postdigital era.

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**Di**

**Disruptors**



## 3

Social Reengineering  
by Design**Shaking off the business constraints of 19<sup>th</sup> century platforms**

Modern corporations owe their structure and operating models to the birth of the industrial age, where bureaucracy, hierarchy, and specialization of labor were paramount for efficiencies and scale. Clearly defined roles and responsibilities, strict processes, and a “C3” (command, control, and communications) mentality are tenets of the model prescribed by Max Weber, adjusted by Henry Ford, and refined by Michael Hammer.

Many businesses have found success in the model. But current business practices constrain individual responsibility, accountability, and capability. Sometimes that’s due to real or perceived boundaries of a specific job. Often it’s because people are simply unable to navigate the organization – find the right information, specialists, or decision makers to grow ideas, build relationships with people with similar interests, or effectively work together in a multinational, matrix reporting environment.

Compare that with the intended goals of social business<sup>1</sup>: to amplify individual passions, experience, and relationships for the benefit of the enterprise – invisible connections and characteristics within the physical manifestation of our organizations. Aligning the interests of the individual with the mission of the business and every other employee, while harnessing universal qualities of individual worth: content, authenticity, integrity, reputation, commitment, and reliability.

The real potential of social business involves breaking down barriers that limit human potential and business performance. But it requires fundamentally rethinking how work gets done and how value is created in the Postdigital era – social reengineering of the business.

The strategies, practices, and technologies of social business are maturing. No longer viewed as a fad or a distraction, different parts of many organizations are

already realizing the potential. Marketing and public relations have established listening posts to track consumer sentiment in the public social sphere. Sales and customer service are integrating customer contacts across channels and connecting with R&D, manufacturing, and fulfillment. Customer command centers move beyond passive monitoring, using social channels to actively engage with personalized outreach, promotions, issue triage, and product support. CIOs have initiatives underway to give employees social tools for collaboration, finding and mining the knowledge of the enterprise, and creating new intellectual property assets with a more enlightened, user-centric approach to knowledge management.

While this is progress, it is only the beginning of what’s possible. Many companies are stuck on “what social media and social technologies should I deploy, and how can I get my people to use them?” They’ve adopted the pattern of starting with a new social tool, bolting it onto existing processes, and hoping for a desired result. This approach may improve, but it does not transform.

Instead, reexamine your process automation designs (ERP) and your information automation designs (analytics) to seize the value afforded by a truly, transparently connected enterprise. Where in those designs are there assumptions of isolated specialization? Of limiting linear transactional processes? Of limited flow of information and context for decision and action? Of same-time, same-place requirements for employee productivity and capability? Where are the processes and systems constrained by traditional C3 – command, control, and communications? Where can you relieve organizational and process barriers to give customers, teams, and suppliers social collaboration, communication, and monitoring tools to help them perform? How can you empower people to transcend the limits of the pre-defined processes to do the right thing and maximize the value of each interaction? Realizing the potential of social reengineering isn’t a “project.” It’s a strategy. And it’s not serendipity. It’s intentional – by design.

### History repeating itself?

Social reengineering is predicated on social business – which is still often confused with similar sounding, partially related terms such as social media, social networking, and social computing. But beyond that, the concept of rewiring organizations based on technology draws comparisons to the ERP revolution of the 1990s. But this is more than BPR2.0, so what is different about social reengineering?

	What were the challenges?	What's different in 2013?
<p><b>Social business / social network/social media</b></p>	<ul style="list-style-type: none"> <li>• There has been a lack of clarity around the definition of these concepts – which has caused misperceptions and less-than-impactful early adoption efforts.</li> <li>• One-off investments in social have yielded incremental effects. Layering in social tools to existing rigid processes, or without empowering (and incenting) individuals to take on more responsibility, only adds new tools to conduct yesterday's business. Gains can be seen by using social merely as a new channel for communication, knowledge, and content management – but its full potential is not realized.</li> </ul>	<ul style="list-style-type: none"> <li>• There is growing consensus over these terms, allowing the focus to shift from debate to putting the concepts to work.</li> <li>• <b>Social technologies</b> are the tools that connect people, information, and assets across time and place. Not just about content, but more about context and community.</li> <li>• <b>Social media</b> are the places where people assemble to do work. In this context, the primary implication is assembling and working electronically.</li> <li>• <b>Social network</b> is the actual embodiment of who knows what and who knows whom – the collection of connections and interests expressed in a connected social graph.</li> <li>• <b>Social business</b> is the concept of activating social networks using social technology and media to create business value, across any number of functional or business processes.</li> </ul>
<p><b>Business Process Reengineering (BPR)</b></p>	<ul style="list-style-type: none"> <li>• BPR and the ensuing ERP wave were about efficiencies and scale – standardizing and automating business processes, weaponizing the industrial hierarchy. This remains valuable for parts of the organization, especially finance and manufacturing. It had little concern for the individual employees, and even less for the customer.</li> <li>• Rigid processes and standardized roles and job functions made it hard to respond to changes – or to respond to individual customer requests. What your employees – and, in some respect, your business – can do had been pre-determined.</li> <li>• Assumptions embedded in business cultures and limitations of previous technology approaches required command and control designed into systems and platforms.</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational complexities have grown, customers and employees are more empowered, and market conditions are more dynamic than the post-industrial BPR age. Profitability is no longer only a function of scale, but of motivation and sentiment.</li> <li>• Much of business continues to occur outside of the boundaries of traditional tools and standard operating procedures, relying on human engineering (e.g., personal relationships, live conversations) to answer questions, share new ideas, and do their jobs. Social reengineering looks to provide platforms that support the behavior of the leading employees, while also removing unnatural constraints of existing standards and processes.</li> </ul>

### Technology implications

The underlying technology may be the beginning of the social reengineering journey. But providing platforms for sharing, discovering, connecting, and cultivating individual ideas and knowledge for the communal good is not a trivial endeavor. Open communities that span organizational boundaries should solve for legal, compliance, and intellectual property concerns, without extinguishing the enthusiasm of their participants. Specific technology implications include:

Topic	Description
<p><b>Social computing</b></p>	<p>Social tools to improve how employees codify their knowledge, share their deliverables, work jointly on shared tasks, and communicate – including wikis, enterprise social media platforms, idea markets, specialist finders, and digital asset/content management solutions. The technical implications remain very real: entitlement and privacy rights, archiving strategies, discoverability, version control, and more. But social versions of these tools de-emphasize artifacts themselves (tagged documents, explicit listing of skills, tight hierarchies of repositories) in favor of the power of the network to provide context and community – using ratings or “likes” to communicate the quality of assets, allowing interactions to be shared and discovered so that others can benefit from a question that was answered, and creating digital exhaust of who knows what, who knows whom, and how works gets done in the organization.</p>
<p><b>Social monitoring</b></p>	<p>A common part of many social reengineering efforts is building the capability to listen, track, and analyze brand, product, and individual customer sentiment. Tools such as Collective Intellect, Netbase, and others have relatively low technical complexity for initial configuration. However, greater skill and experience is required in tuning the models, thresholds, and analysis to yield more insightful, actionable results. The products are progressing in interpreting nuanced emotion and subtle, sarcastic, or idiomatic expressions, but there is still no substitute for experienced human interpretation to calibrate results and adjust models.</p>
<p><b>Digital content management / digital rights management</b></p>	<p>Community and context are critical, but content also plays a significant role. Digital management of access, entitlements, and rights requires digital asset management, content governance, and stewardship, and tools to enable sharing, distribution, and discoverability of content. Regional and industry laws and regulations should be considered – affecting where content can be created, stored, and accessed.</p>
<p><b>Social platforms and gamification<sup>2</sup></b></p>	<p>Social business platforms require integration of the five postdigital forces – analytics, mobile, social, cloud, and cyber. Each individual force can be challenging. Therefore, a roadmap of incremental advances may be the right approach. The need for authenticating individual personae, enforcing their personalized security and privacy profiles, and allowing traversal and transaction across their collection of interests and connections is a foundational need for many social businesses. If the vast majority of activities are internally-focused, traditional directory services such as Active Directory, Open Directory or OpenLDAP can provide authentication and entitlement services, and social collaboration tools can help manage relationships and sharing preferences. Social businesses extended beyond enterprise boundaries pose a bigger challenge. Several vendors have created open APIs to help – but many assume adoption of their own proprietary identity mechanisms. That is exacerbated with integration to mobile application tools and platforms.</p> <p>Finally, while gamification is a powerful approach to both enabling and transformative social business platforms, the gamification solutions are immature and evolving. In addition, they introduce their own patterns and approaches to mobile and cyber. Adoption, integration, and orchestration will likely be a multi-year journey.</p>



## Consumer Products Perspective

So what does “breaking down barriers that limit human potential and business performance” mean to the Food, Beverage, and Consumer Products manufacturer? One answer is that companies should be comfortable looking outside their organization to harness the wisdom, arms and legs, social connections, and creativity of the crowd to solve long standing issues in new and innovative ways. There are countless examples of this occurring today, but few organizations have a cohesive strategy around when it makes sense to leverage the crowd versus “going it alone.” The following are a series of time-tested/demonstrated and emerging areas where Food, Beverage, and Consumer Products manufacturers can begin to tap into external communities to develop new and enhanced capabilities.

- **Helping Define New Products and Seed Demand: Ask the community what they think and they’ll tell you. Make that product and they’ll become your first product advocates. Examples of this exist such as a potato chip manufacturer who polled their product enthusiasts to solicit their opinion on which flavor they’d like most. In this model, when the new product hits the shelf, these voters are anticipated to convert into the product’s first advocates.**
- **Allowing Consumers to Cast Their Dollar Votes before the Product is real:** The advent of the “crowdfunding” model allows the average consumer to cast their vote for new products by investing their own money before a product hits the market. This model provides consumers with early access to pre-release products or could involve equity interest in the future success of the product. For manufacturers, this can help defray investments in R&D, manufacturing, distribution, and marketing before bringing a new product to market. Some small and medium sized manufacturers have already allowed consumers to “invest” in products while they are still an early idea stage.
- **Enabling Manufacturers to Build Cost-Effective, Flexible Workforces at Scale:** Manufacturers could/would enjoy additional insights into how their products are merchandised in the retail environment. Traditionally, this presented a scale issue given the number of retail store locations. With new workforce models capable of engaging mobile, on-demand workforces, the scale hurdle is no longer a barrier to achieving these insights. New mobile workforce platforms enable manufacturers to tap into an on-demand workforce with coverage across the country. In this new model, manufacturers can understand pricing, merchandising, and promotional performance on-demand, in near real-time, and with remarkable more accuracy.
- **Designing the Features of the Next Big Product:** As enterprise-grade product design software continues to migrate to the “cloud,” the opportunity to engage a community of designers to solicit the best designs for a product may become a reality. There are a series of software innovations that are aiming to enable this vision. In this new paradigm, a laundry detergent manufacturer might design the shape and structure of the laundry detergent bottle, but ask a crowd of designers to arrive at an innovative design for a new non-spill cap.
- **Finding the Next Blockbuster Insight:** With the battle for analytical talent reaching new heights, manufacturers can create data analysis contests that harness the wisdom of a community of data scientists and analytics enthusiasts. These contests allow participants to leverage real data sets provided by the manufacturer to develop new predictive models that can make a positive financial impact.
- **Building the Next Killer Campaign:** Marketers striving to embed the “voice of the consumer” in their marketing campaigns can take this to the next level by asking the consumers themselves to create the marketing communications. Several platforms have begun to offer rewards and incentives for consumers who participate in developing marketing campaigns.
- **Attracting Top Talent:** Referral programs have always been critical to finding and attracting top talent. The use of social tools to engage a much broader set of individuals and develop referral campaigns can help Manufacturers manage their talent gaps far more efficiently.

Food, Beverage, and Consumer Product Goods manufacturers have many opportunities to harness the potential of the crowd. With the new platforms, communities, and technologies being created, manufacturers can begin to augment most functions of their business through external sources.

### Lessons from the frontlines

#### Behind the (reengineered) curtain

The mechanics behind how credit cards work are a mystery to many consumers, who rarely know how much it costs them or the financial institution that issued it. Based on this alone, Barclaycard U.S. is breaking from tradition by offering transparency for their new Ring card. But they're not just allowing consumers to look under the hood; they are crowdsourcing what features to include, allowing consumers to create their own credit card experience.

The Ring is a simplified credit card with few fees or rewards. Instead, it allows the customer community to decide how the card is managed. Through an internal social platform designed for the Ring community, customers interact directly with the company. They can vote on changes to the card – everything from increasing fees to editing terms and conditions. Barclaycard releases the Ring's financial performance so customers can offer further suggestions or raise questions. Customers can also interact with each other using topical forums. Gamification principles reinforce specific behaviors, such as in the Giveback program, which distributes some of the Ring's profits to users in proportion to their participation in the forums. Badges can be earned for using paperless statements and other actions<sup>3</sup>.

By listening to customer ideas, Barclaycard has been able to refine their product in a timelier manner than they could with traditional product development cycles. In the first six months of operations, Barclaycard used more than 50 crowd-sourced ideas to improve the Ring and, combined with other customer initiatives, has seen complaints decrease by half. Barclaycard's understanding of customer needs gleaned from community discussion and feedback has allowed them to deploy changes in a timely manner, increasing customer retention by 25%<sup>4</sup>. In short, Barclaycard's Ring Card is helping to redesign credit cards into a community-driven social experience.

#### Global collaboration at the speed of social

General Electric's Colab platform wants to be the virtual water cooler at the office – and more. Ron Utterbeck, CIO for General Electric Corporate and Director of the Advanced Manufacturing Software Technology Center, created the new Colab social platform which has grown from zero users to 124,000 strong in less than a year<sup>5</sup>. Attracting roughly 1,000 new users every few days, Colab has begun to dismantle functional, geographic, and generational silos that large-scale corporations are all too familiar with<sup>6</sup>. The company is an early adopter in this arena, and the chairman and CEO Jeff Immelt is an early and strong supporter. Beyond simply file-sharing in the cloud, the platform allows others to recall the context in which the files were used through its recorded conversations, attached meeting notes, and collaboration history. With a strong base product, the company plans to extend functionality for specific business applications through real-time feedback and iterative release planning. One future plan is to surface small windows to drive relevant decision points – allowing tasks to be completed without logging into entirely different systems.

Timely innovation requires an easy way for users to provide feedback, as well as delivery processes that enable speed and experimentation – even if it means releasing features that are not in their fully functional form. For GE's more than 300,000 employees around the world, the workplace has suddenly has gotten smaller – and a lot more agile.



### Community problem solving

What do chess rankings, grocery shopping, pharmaceutical development, and space travel have in common? These represent some of the topics for predictive modeling competitions hosted on Kaggle, a two-year-old platform for big data analytics. Organizations pose issues such as “when will shoppers go grocery shopping next?” or “how do we predict the likelihood of side effects during the drug development phase?” and provide a dataset for analysis. Kaggle then converts the issue and dataset into a contest, and the research community competes for a prize paid by the sponsoring organization.

Kaggle provides a social platform for entrants to test and demonstrate their skills, as well as open up opportunities for collaboration. Entrants into Kaggle competitions come from more than 100 countries and vary in disciplines from computer scientists and statisticians to students in glaciology and signature verification<sup>7</sup>. Cross-disciplinary teams naturally form as competitors reach out to each other to collaborate in contests.

In its two years of operations, Kaggle’s community members have contributed nearly 180,000 entries and participated in 67 competitions. By having multiple participants testing different techniques in a competitive atmosphere, promising solutions bubble to the top in a more timely manner than in a typical problem-solving process. For example, in one competition, the Kaggle Community was able to improve Allstate Insurance’s claim prediction ability by 271% in three months<sup>8</sup>.

Kaggle has also recently collaborated with Greenplum to allow companies interested in contracting big data jobs to reach out to Kaggle community members<sup>9</sup>. By identifying leading minds in data analytics, organizations that want to improve their predictive capabilities can mine for talent across the globe.





# My take

**John Hagel**

Co-Chairman

Deloitte LLP Center for the Edge

*Social Reengineering by Design* involves using technology in a more thoughtful and broad-based way to meet business needs in a social context. It is front and center to the question of *How can and should people connect to advance business objectives?*

The traditional 20th century corporation was often about efficient scale through tightly specified and highly integrated activities. There was a predictable performance curve, but at times it turned out to have diminishing returns. It seemed the more experience you had in an industry, the harder it was to get to the next level of performance. This pattern made it difficult to tolerate – much less encourage – innovation, experimentation, and learning. Today, change is occurring at an accelerated pace, as past practices and approaches become less suited to new market and industry needs. What was once efficient isn't always efficient anymore; there are often people in the wrong place, at the wrong time, scrambling to reorganize to meet the needs of the marketplace. The opportunity exists to create a new set of platforms – social platforms – to scale learning and effective innovation, while still supporting efficiency. It's not "either/or," it's "both/and."

Social platforms can be applied to achieve both broad and narrow business goals. For example, social reengineering can be used for exception handling – managing the things that get thrown out of automated processes that individuals need to resolve. Social technologies can allow people to handle exceptions in a more efficient way, perform pattern recognition, and see what exceptions may be indicative of changing needs in the marketplace.

Another application for social reengineering involves learning and talent development to support building skills *wherever, whenever, and for whomever*. If you're serious about learning, driving performance, and developing talent, look both inside and outside the four walls of your organization. Bill Joy famously said, "No matter who you are, most of the smartest people work for someone else."<sup>10</sup> Connecting inside with outside can change your frame of reference. Often, the more people you draw into your network, the faster the entire network learns.

How can we articulate not just the opportunity but the imperative to move toward scalable learning? How can we go in – in a very surgical way, with modest resources – and demonstrate the impact of this shift? Begin by systematically identifying the metrics that matter. Senior executives are typically focused on financial performance. Middle managers are usually more concerned with operating metrics. Frontline managers often address the activities and behaviors affecting those operating metrics.

First identify specific opportunities in the financial metrics, drill down to the important operating metrics that impact those financial metrics, and then look for the frontline metrics that can impact the operating metrics that matter. By taking this approach, you can target the deployment of social technology in ways that get the attention across levels of management and move the needle for the entire organization. Second, resist the temptation to get a gold-plated solution. Use an adequate product for social-enabling the target area of the organization. Actively monitor the impact on the relevant metrics, perform timely iterations to strengthen impact on these metrics, and engage broader support and sponsorship. And third, keep an eye on the bigger picture. The absolute level of performance is often less relevant than the pace of progress; the snapshot of year-over-year performance is often less telling than examining the trajectory over time. In a rapidly moving business environment, even strong performance can be overtaken – winners can accelerate performance improvement over time.

Social platforms help address the important element of tacit knowledge – experience that's hard to express, and gained in time. Scalable learning is often less about codified knowledge and more about connecting, building relationships, and developing trust that prompts people to share what they know. Connecting to knowledge is often less important than connecting with one another. That's the design of social reengineering.

## Flying car future

In business today, content is king – the things I know, the things I do, the things I produce. This applies both to “I” at the corporate level and at the individual contributor level. Looking five or ten years down the line, there may be a fundamental shift – where context and community become at least equal (if not more important) players than content. A more fully socially reengineered world of business platforms. What does such a future look like?

Context in its simplest form is the interrelated conditions in which something exists or occurs. For example, an order is the content – the where, when, and by whom an order was transacted is the context. What happened before the order? Was the order in line with a customer’s historical tendencies? Is it something the sales associate typically sells? What can be learned about the weather, local events, or social sentiment surrounding the product? The explosion of geo-location data; big data tracking digital exhaust across social, web, and inside-the-enterprise sources; and mobile devices capturing video, temperature, location, bio-metrics, and other data are providing a treasure trove of context. The inevitable convergence of personal and professional digital identities is an important factor – promoting correlation across an individual’s multiple personas – to unlock the power of context.

Communities will likely continue to evolve the meaning and utility of relationships. As highly specialized social platforms emerge, lexicons will likely form to guide how a given topic is discussed. Social currencies will likely form around levels of knowledge, engagement, and cooperation. The organizations of tomorrow may see a shift in employment models – instead of having the majority of work conducted by full-time employees, dynamic workforces may be tapped based on well-described areas of need. This already exists for low-level, low-skill tasks. But it could easily expand to more strategic functions. The tendency to stockpile knowledge and protect with a “need to know” mentality would shift to value knowledge flows, with “need to share” ruling sensibilities<sup>11</sup>.

If context and community become the basis for flying car competition, then the ability to dissolve and reconnect business processes and their underlying systems becomes critical – responding to the community’s needs based on the context of the market and operation conditions of the company. Outside-in architecture<sup>12</sup> moves from a thought experiment to a mandate. Information and attention become the scarce resources, and the new economy is dominated by those organizations that can identify, share, and amplify experience – across geography, language, and domain constraints.

Very real constraints are in play today that can curb this vision – HR policies, regulatory, labor agreements, tax, and international trade, to name a few. There will likely be a chance to influence some changes based on the realities of the new market – and to push broader reform in light of demonstrated business innovation.



### Where do you start?

Social reengineering by design is about a deliberate approach to recognizing legacy assumptions that may be constraining your business performance, and making your business social. It can require applying the social mantras of transparency and trust, creating new ways to motivate your employees and customers, and reshaping the content and context of work. While this is about technology-enabled transformation of business, the correct order of operations is still often strategy, then people, then process, then technology.

- **Choose your target.** To start, select a business objective in an area which could potentially be positively disrupted if viewed as a social platform. Find areas where there is a natural community of stakeholders that could be tapped, but are currently poorly activated. Places where people, information, and potentially operational assets could be brought together in a social network for a business purpose. Don't let today's behaviors limit exploration. One example might be R&D – linking your marketers, product engineers, and sales team with service technicians and end-users, as well as your upstream manufacturing partners. Another may be demand planning, focused on suppliers, manufacturing, sales, and marketing. Think through business objectives for the area, and what outcomes could be influenced if reengineered using a social mindset.
- **Social discovery.** Identify the social network(s) relevant to accomplishing the selected business objective. This may cross your organization, customers, and business partners – but also external third parties (other vendors, academics, luminaries). Social reengineering is about community, context, and content – in that order. For likely candidates, do some digging. Who are the players that form the community – across internal hierarchies, within customer organizations, at business partners, or external parties? What are their relationships to the target objective? What content and context could empower the community?
- **Carrots and sticks.** Articulate meaningful incentives for the identified social network to engage in the selected business goal. Participation is personal, so this is likely to be customized to the various personas being engaged. How do their interests align, and what are the kinds of personalized incentives that could be laid out to encourage participation in the social platform?
- **Think from scratch.** What constraints are holding back the target area – operationally, organizationally, or technologically? They could be functions of the corporate structure, communication gaps, unwillingness or inability to collaborate, geographical concerns, perceived inequalities based on career levels, “not invented here” biases against external parties participating, or general political distractions. Or they could be well-defined restrictions based on regulatory or legal issues. Reengineering will likely require some drastic changes. From the constraints identified, which ones are within your company's control? Will leadership help break through conventions and support the team through what may be an uncomfortable transition? Resist the instinct to standardize the new process up-front. Set boundary markers to guide behavior in the reengineered world, but leave freedom for experimentation and observe how work is getting done, and how the community is engaging. Let people stroll in the proverbial grass – and wait to pour concrete sidewalks until you understand where they are actually walking.
- **Final stop – the tools.** Now is the time to look at tools and technology solutions – after clarity around business objectives, social platforms, communities, incentives, and reengineering ambitions. By now there's likely a handful of solutions deployed across the various lines of business. These opportunistic social efforts don't necessarily need to be shut down, especially as they're likely aligned to “no regret” pieces of the social value prop – listening, analytics, and customer outreach. See what investments have been made and what can be reused, but don't give undue preference to a stack just because a pocket of the business has already procured it. Make a strategic platform decision based on the broader transformational nature of the reengineered vision. Of course, looking at the tools may generate new ideas about constraints, incentives, or span of the social network, so don't be afraid to iterate.

## Bottom line

The postdigital forces, led by social, can be used to shape business and the way people naturally interact. As time, attention, and engagement of your employees and customers becomes a more precious resource than compute power or standardized efficient processes, social platforms can relieve rather than serve traditional organizational constraints.

We're no longer building technologies to enable just interaction – social platforms can be built for specific business purposes: specialized content, enhanced with context, enriched by the power of communities. This calls for a deliberate, intentional course to rethink how business gets done, using social to reengineer processes, systems, and organization for the new economy. It is a course driven not by efficiencies and scale, but by mindshare and engagement.

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## Endnotes

- <sup>1</sup> Additional information is available in Deloitte Consulting LLP (2012), "Tech Trends 2012: Elevate IT for digital business", [www.deloitte.com/us/techtrends2012](http://www.deloitte.com/us/techtrends2012), Chapter 1.
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- <sup>11</sup> John Hagel III, John Seely Brown, and Lang Davison, *The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion* (United States: Basic Books, 2012).
- <sup>12</sup> Additional information is available in Deloitte Consulting LLP (2012), "Tech Trends 2012: Elevate IT for digital business", [www.deloitte.com/us/techtrends2012](http://www.deloitte.com/us/techtrends2012), Chapter 10.

# Conclusion

Faithful readers of our Tech Trends reports will find some familiar topics in these pages. The postdigital forces have seen extraordinary attention in the past four years – and each is still in the early stages of adoption. The book on how each can fundamentally reshape business is still being written.

Although the topics are familiar, the underlying trends continue to evolve at an astounding pace. Take mobile, for example. In 2010 the story was about ubiquitous connectivity and device (i.e., smartphone) advances. In 2011, the focus was on the “app” – and the advent of the tablet. In 2012, we covered enterprise implications for prioritization of opportunities, as well as the operational realities of governing, managing, and delivering mobile solutions. And now in 2013, we consider mobile’s place as an utmost strategic priority. The very notion of “devices” is exploding into near-ubiquitous connectivity of many physical objects. The fundamental element of mobile still applies – the innovative idea of removing limitations based on physical location, and of a truly untethered enterprise. But the supporting nuance and details are moving at a rapid clip, making it paramount for IT executives to keep pace with change.

Postdigital’s potential can spur both offensive and defensive responses. On one side lies opportunity for innovation. On the other, the existential threat of disruption. Every industry may be affected by the underlying digital forces. Every market may be reshaped by their controlled collision.

Who will lead the charge? The reports of IT’s demise may be exaggerated, but there is often truth behind the rhetoric. How will CIOs reimagine their roles in business strategy? What will the corresponding IT department look like? One thing is for certain: the elements of postdigital will play a foundational role.

We close this year’s report with the familiar quote from futurist William Gibson: “The future is already here...it is just not evenly distributed.” Our hope is that the Tech Trends reports will help you discover the elements of postdigital in your enterprise.

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