

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.

Alan Langhals
Principal
Deloitte Consulting LLP

Suketu Gandhi
Principal
Deloitte Consulting LLP

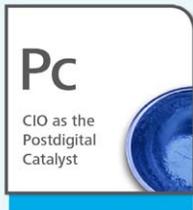
Matt Law
Principal
Deloitte Consulting LLP

Darwin Deano
Senior Manager
Deloitte Consulting LLP

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

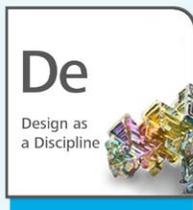
Mobile should be top of mind for organizations. But don't limit your ideas to Mobile First. Think *Mobile Only*, imagining an untethered, connected enterprise. The next wave of mobile may fundamentally reshape operations, businesses and marketplaces – delivering information and services to where decisions 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

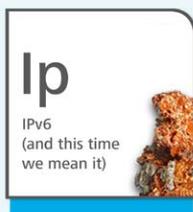
Businesses are no longer building technologies just to enable interaction – they are now engineering social platforms for specific context – platforms that can relieve rather than serve traditional organizational constraints such as deep hierarchies, command-and-control cultures, physical proximity and 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.



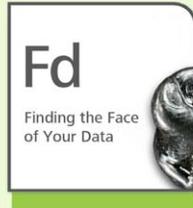
IPv6 (and this time we mean it)

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

Revvng 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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Enablers



7 Gamification Goes to Work

Moving beyond points, badges, and leaderboards

Leveling, point-tracking, and bonuses can recognize and reward desired activity. Leaderboards and progression indicators can steer individuals to the next tier of personal and business performance. Quests and countdowns can shape behavior. It's all part of gamification – and it's having a real impact on businesses worldwide. Gartner predicts that by 2015, 40% of Global 1000 organizations will use gamification as the primary mechanism to transform business operations¹. Unfortunately, many early efforts never moved beyond tactically layering on points, badges, and leaderboards to pockets of the business. In fact, Gartner predicts that by 2014, 80% of current gamified applications will fail to meet business objectives primarily due to poor design². Gamification's potential is much bolder – systematic adoption within and across the business, tightly integrated with the core systems that drive front- and back-office functions.

Gamification can instill challenge, pay-off, and new perspective into day-to-day tasks, tapping into the same human instincts that have led to centuries of passionate competition and engagement – our innate desire to learn, to improve ourselves, to overcome obstacles, and to win. As business becomes increasingly social, our professional and consumer lives are being built using digital interactions. This momentum can be tapped to augment performance by embedding gaming mechanics into traditional processes. Technology in the workplace can be rewarding, and (gasp) even fun.

Increasing individual engagement in work, team, and outcomes is a common business goal, and games have demonstrated to be one of the most influential teaming and communication activities across generations and cultures. Organizations can harness gaming principles to improve morale, influence behavior, and get stakeholders passionately engaged in everything from finance, sales, HR, manufacturing, and more. Using the transparent rules and boundaries that come with gaming, organizations can accentuate compliance and leading practice adoption by aligning game objectives with the desired outcomes of the enterprise. Or, more powerfully, to have gaming mechanics almost imperceptible to the user, who instead find themselves incented to find new ways to team, to work, and to drive business outcomes.

One important ingredient in gamification is identifying potential users and related use cases, then understanding their progress paths – the narratives that define growth from novice to star performer. That way, incremental challenges can be defined to steer personal growth. In games, the next desired action is usually clear. How can that same thinking be applied in business?

Gamification provides immediate indications of goal achievement. A move in a game provides real-time feedback. You find your king in check. You rescue the princess. You collect the last gold coin and complete the level. In many businesses, however, much of the activity on the part of employees and customers will likely go unnoticed or, if noticed, unrewarded.

Many games also have a social element. Similarly, gamification efforts should tap into social connections to spur engagement through competition and provide support channels. Increasing communication, collaboration, and sharing ideas across your social business should be an explicit objective of gamification.

Finally, gamification should be taken seriously. Game design is as much art as science, requiring a balanced blend of game mechanics and a deliberate approach to defining “win” conditions that can work across the range of personality types in your stakeholders. Ill-conceived initiatives will likely have reverse effects – where the focus shifts to gaming the game itself. In one scenario, that means employees may take advantage of loopholes or poor game mechanics. In another, they may actively sabotage the game or their “competitors,” who are most likely colleagues.

Historically, gamification has been consumer-driven. M2 Research reported that in 2011, 91% of the gamification market was consumer-driven and only 9% enterprise-driven³. But it can be much more – systematic, integrated, and a driver of *enterprise* engagement. And in fact, M2 Research estimates that by the end of 2013, game design within the enterprise will become the dominant segment of gamification⁴. The essence of gamification is a new way of thinking, designing, and implementing solutions – and it may even force you to start thinking of your employees, partners, and suppliers as consumers. Many organizations are already moving to put gamification to work. Move now to secure your place in the winner's circle.



Consumer Products Perspective

While gamification can be used within the four walls of an organization to drive employee engagement and productivity, CPG manufacturers can benefit from emerging areas of gamification that can directly engage externally with the consumer. As part of the Innovation, Big Data, and Analytics study that was commissioned by the Grocery Manufacturer's Association (GMA), several major in-store gamification technology platforms were profiled that accomplish this objective.

Several innovators have used game mechanics to create rewards systems for consumers who engage with products both in the physical and digital domains. In these smartphone apps, consumers can earn points that can be redeemed for gift cards and other items of monetary value. Points can be earned either at home "on the couch" by browsing various game features, or through gameplay within the physical "in-store" environment. In-store game mechanics ask consumers to visit various parts of the retail store and engage with products, categories, or in-aisle displays by relying on in-store sensors to identify the shopper's unique location or by scanning barcodes with the integrated smartphone camera. While the "on the couch" game mechanics drive product awareness, the "in-store" game mechanics are demonstrating success in driving real conversion.

As part of the GMA research, several CP manufacturers that were already involved with consumer-facing gamification platforms were interviewed. These manufacturers cited one attractive aspect of the in-store gamification technology as being ripe with a strong "shopper demographic" of moms and less skewed towards less frequent shoppers like teenagers. The other major benefit was that game mechanics were driving trial amongst new consumers and repeat product purchase amongst existing consumers. This was being accomplished with game mechanics and avoided perpetuating shoppers' dependency on price promotion. In one notable instance, a CPG manufacturer was so intrigued by the potential of in-store gamification that they had one of their employees "on loan" to an emerging start-up for several years to help guide its strategic direction.

In-store gamification is still in its infancy, but it will likely continue to improve as a deeper integration with the retail environment is enabled. This increases the likelihood that more robust sensors will continue to be installed both in the store and on the smartphone. While smartphone GPS allows a reasonable accuracy for determining a consumer's location, it is impossible to determine the category, aisle, or even general store location of the consumer once indoors. Innovators who are not waiting for the rollout of more accurate in-store sensors have already turned to several alternative technological solutions. One solution is the installation of in-store audio transmitters that emit a unique identifier only audible to the smartphone microphone. Another solution uses lighting fixtures to flicker in "rapid fire morse code" transmitting a unique identifier to the front-facing camera on a smartphone. Both of these technologies are allowing in-store gamification to build gameplay around a granular location of the store without waiting for investments by retailers or smartphone manufacturers.

One of the remaining opportunities for in-store gamification is around social gameplay. Many of the technologies reviewed as part of the GMA research demonstrated success in engaging individually with their users using simple gamification techniques such as "points systems." It is unclear what will happen to user adoption and engagement when in-store gamification technologies allow shoppers to share their in-store activities with their friends, brag about points earnings, or even team together to accomplish new types of gameplay.

In-store gamification is demonstrating the user adoption, engagement, and offer conversion to warrant the attention of CPG manufacturers. While each of these metrics will continue to evolve, the potential of consumer-targeted gamification has demonstrated an ability to drive top-line results.

History repeating itself?

Games, challenges, and competitions have been consistent features of human society. Similarly, companies have long tried to meet objectives like engaging clients or encouraging employees to work together more effectively. Despite a compelling case for how embedding gaming mechanics in business can benefit these corporate goals, the history of effective gamification is just beginning. That’s because it is difficult to entrench gamification firmly within the organization. Effective game principles often rely on deep and accurate understanding of internal organizational workings, as well as the needs of customers externally. It’s ultimately a cultural change. Overcoming this barrier may be critical in 2013.

	What were the challenges?	What’s different in 2013?
Behavioral economics	<ul style="list-style-type: none"> Behavioral economics has caught the attention of a number of industries. Principles include nudge tactics, gradual engagement, and framing. These principles seek to apply behavioral changes based on how choices were presented to people. A limitation of behavioral economics has been not acknowledging the effects of customers’ and employees’ social networks. 	<ul style="list-style-type: none"> Gamification shifts the focus from just behavior, to behavior and experience. Behavior economics try to affect an outcome. Gamification aims to design a journey that evolves, engages the participant, and tries to create a sense of fun. This ties in well with the general shift from product interface to user experience in the corporate world.
Early gamification efforts	<ul style="list-style-type: none"> Early gamification efforts focused on single, non-game processes. Common examples were marketing teams using it as a technique to attract and retain customers, or HR using it to supplement performance management processes. However, the number of players and scope of activities that had been monitored and shaped was limited. Data collection is in place in many organizations; many already collect click-level behavior, but it was rarely used to trigger feedback, feed rewards, or guide personal growth. 	<ul style="list-style-type: none"> Gamification seeks to unify an individual’s various personae to guide growth, behavior, and engagements. Isolated instances can be effective, but a broader, integrated approach can give a richer view of performance and incentives, and can yield more than incremental improvements. Points, leaderboards, and badges can still be valuable. But first organizations should take a hard look at objectives, processes, solutions, and players – feedbacks and rewards tied directly to the employee, customer, or consumer.
Process engineering	<ul style="list-style-type: none"> Process engineering shares historic links with systems thinking and management science. Over the years, however, process engineering has often been misinterpreted by management; co-opted by executives to design and enforce processes with austere rule sets that seek to allow them to command and control. 	<ul style="list-style-type: none"> Gamification has the opportunity to increase the visibility of processes within an organization and across its value network. It can incorporate the real experience of interacting with colleagues, customers, and suppliers such that players have a far deeper feel for their roles and the roles of others. It makes visible the competing objectives of various departments and facilitates an equitable outcome. In short, the real system can be made visible. Gamification acknowledges that there are those who would seek to ‘game’ the system, and includes this in the reckoning.
Simulation and serious gaming	<ul style="list-style-type: none"> For serious gaming, practitioners in non-entertainment fields saw potential in developing heavy business simulations and war-gaming applications as sophisticated models to emulate complex behavior. However, there is a high barrier to entry, as a serious game is likely only as good as its underlying rules and models. In addition, these simulations are more apt to be point-in-time studies in dedicated, “safe” environments versus integrated with real work processes. 	<ul style="list-style-type: none"> Serious gaming continues to be an effective training and risk management tool for several industries and business functions. However, gamification looks to take gaming principles from the walled garden of a simulation into day-to-day operations, affecting (and understanding) employee and customer engagement, and behavior as business is conducted.

Technology implications

As gamification expands, organizations should embed game elements into core systems and processes across the business. This has far-reaching implications – for security and privacy, integration, data, and social platforms. But penetration will not likely be immediate. A layering approach should be applied, where focus and pace of adoption is likely to differ by industry and individual company dynamics.

Topic	Description
Game mechanics platform	The success of game element deployment lives and dies within the design and user experience of the game itself – the underlying rules engine, event monitoring and triggering, and an engaging user interface to drive player behavior. A number of solutions have emerged that provide plug-ins or third-party services for pieces of game elements. Many organizations are also building their own – tightly aligned with policy engines and digital content management systems for consistency and ease of maintenance.
Social business	Games are inherently social. So goes gamified business processes. Integration into collaboration and social enterprise tools is important for internal efforts – sharing motivation, creating support mechanisms, and tapping into existing real-world relationships. Additionally it can circumvent hierarchies to bring diverse teams together to do their jobs differently. Hooks into public social media platforms are equally important – for enterprise connectivity, as well as for authentic interaction with customers and third parties.
Integration	For gamification to truly go to work, it is likely to require deep integration with enterprise systems. Game mechanics are fueled by feedback and rewards – requiring visibility into individuals' day-to-day activities. Exposing transactions and data from underlying ERP, customer, and analytics solutions is a challenge, particularly if gamification will be externalized or centrally managed. Equally challenging is embedding gamification elements into the native logic of current platforms. The challenge for designers is to determine the platforms through which the system or business process will manifest. The complexity can increase for global or multinational companies with language, cultural, market, and infrastructure nuances in each geography.
Cloud and open external systems	With the trend towards hyper hybrid-clouds and open APIs, organizations should have clearly defined policies and governance structures to accommodate flexible application portfolios that embrace gamification. It is likely only a matter of time before customers and staff start to deploy their own applications – bring your own application (BYOA). This essentially gamifies the enterprise application build and deployment process.
Big data and analytics	The current use of badges, virtual gifts, rewards, leader boards, and the social commentary that accompanies the implementation of these game dynamics often results in a sizeable increase in the amount of data that is available both internally and externally for an organization to analyze. You should develop a data taxonomy system that allows meaningful tags. Once established, this data can be used to determine behavioral, business, product, and organizational patterns that – if acted upon – may lead to a more agile organization. The storage, privacy, and accessibility of these large data sets are likely to continue to challenge the CIO and the governance officers within an organization. Finally, what gets measured usually gets done. New business intelligence and analytics capabilities should be stood up for visibility into desired business outcomes – to help fine-tune the gamification elements, as well as to understand the effectiveness of the effort.
Mobile	With the ubiquitous nature of the mobile phone and the adoption of bring your own device (BYOD), workers are often no longer desk-bound. This opens up multiple new dimensions of game dynamics that can be incorporated into a business process, ranging from geo-tagging, video, photo-embedding, and social plug-ins. Security over what is published, stored, and recorded becomes critical for brand, reputation, and potentially business continuity. Mobile also allows advanced techniques like appointment dynamics, where specific actions or rewards are available only if a user is in a predetermined physical place at a specific time ⁵ .

Lessons from the frontlines

Gamifying digital exhaust

Institutional knowledge often lives in the minds of employees. Bluewolf, a global technology consulting firm, uses gamification principles to entice employees to build and maintain a public brand, encourage knowledge sharing, and help capture experience.

The company surveyed employees to understand how they interacted with social media, and from that information built the #GoingSocial Portal. The goal of the portal is to educate employees on how to use the major social networks more effectively, and to instill principles for managing online reputations.

Employee profiles display biographical information and include the “digital exhaust” of social media activity, such as Twitter updates and links to authored content (blog posts, white papers, etc.). These profiles were made public on the company’s website to showcase the knowledge of employees to clients. To monitor that profiles were created and maintained, the company gamified the use of pack profiles by awarding points to employees for activities such as publishing a blog post. Since collaboration was a critical driver for creating #GoingSocial, each pack profile was linked to social media analytics. Employees could earn points based on popularity of content through clicks and comments. Specific challenges also netted points, such as the “spread the word” challenge to get employees to use their networks and link them back to the website. Employees received badges and recognition for completing challenges, and if they accrued enough points, they could cash in for rewards such as gift cards, lunch with the CEO, tickets to conferences, and flight upgrades⁶.

One important aspect of the #GoingSocial program was the use of employees to build Bluewolf’s thought leadership. In the first four months of the program, website traffic from social channels increased 100% and social traffic increased 20%. The company saw a 57% increase in collaboration through their internal social network, and has been able to maintain this level of collaboration through continued use of game principles.⁷

Now serving: an engaged customer base

Engine Yard, a Platform as a Service (PaaS) company, needed to increase customer service support to their growing client base. They decided to use gaming mechanics to build a self-help community. Engine Yard had previously been responding to customer issues through support tickets, a process that was slow. Customers often had to wait up to a full day for a response – which didn’t help the company with the additional goal of getting them engaged in using their knowledge base and forums.

The first step completed was centralizing the features customers needed to answer questions, which was accomplished by moving user forums and documentation into the customer support portal. To monitor that customers would continue to use and refresh the portal, Engine Yard implemented gaming technology to reward users. By integrating gamification elements with the customer support portal, customers can earn achievements for specific behaviors, such as searching the knowledge base, reading articles, and creating topics. Users can also complete missions – where a series of tasks are grouped together – to win special rewards or badges. As users accumulate achievements or complete missions, they can level-up in experience. For example, if a user completes the mission of finding bugs, they can move from ‘lightning bug’ to ‘fly swatter’ status.

In the first two months of the gamification effort, Engine Yard saw a 240% increase in people who were able to find answers to their questions within one minute of starting their search⁸. Customers got what they needed in a timelier manner, without relying on Engine Yard’s support team – which was then able to focus on more complex issues. On average, the number of tickers per customer dropped by 20% and the support team reduced ticket response time by 40%⁹.

Ready conference one

Box, a cloud-based file sharing platform, was planning a day-long training conference for employees, but they wanted to avoid the typical parade of slide presentations. To help ensure that employees absorbed the information and were able to network among their peers easily, Box decided to gamify the conference.

Over a two-week period, Box developed a platform-neutral website that would appeal to their young workforce. Participants used their mobile devices to earn points for answering questions correctly during training sessions. In addition, Box wanted to promote networking because fast growth had made getting to know new and current employees difficult. The company created an app to award points for answers to trivia questions about colleagues, such as “who was a White House intern?” Employees were grouped into teams to promote collaboration, and rankings were displayed in real-time on a leaderboard with prizes going to the top individuals and top teams¹⁰.

After the training, Box was able to use the data gathered in the game to further support operations, improve communications, and reinforce areas where employees incorrectly answered content-driven questions. The website also included a survey as part of the game, which gave Box valuable feedback about the event¹¹. By thinking creatively about the conference environment, Box was able to transfer knowledge and prevent presentation fatigue.



My take

Gabe Zichermann

CEO

Gamification Co

In the technology industry, where I've spent my career, ideas are processed quickly – from “hot new idea” to “everybody has this figured out already” and the range in between. Gamification has become a buzzword, for sure, but many enterprises have just scratched the surface of its potential. Over the next year, gamification is likely to morph from a tactical to a strategic concept.

Currently, gamification has specific uses, such as for help desk or sales process enablement. In the next phase, gamification will likely be used to fundamentally reengineer human capital and the way systems interact with people. The hard work – the strategizing – hasn't been done yet.

Inside enterprises, training and development folks are the early adopters of gamification, in response to employee dissatisfaction with training programs. You can easily picture it. Someone says, “Everybody in the conference room for software training!” – with nothing but blank stares as people file in.

For a gamification strategy to ignite, it has to begin with the C-suite asking this strategic question: “How do we rewire what we do?” The CIO should be the first strategic actor, as he or she has the enterprise software problem to solve.

Gamification both resembles and differs from other new movements, such as social. Many early gamification startups gained tremendous momentum with their energy, capital, and entrepreneurs, shaping the discussion at the outset. Larger software companies may not be nimble enough to engage early, so they may acquire companies to enter the space. The buzz-and-investment cycle can raise awareness and enterprise experimentation – first tactically, and eventually strategically. It's a familiar story, playing out anew.

What's different about gamification? Many large companies were already well down the path of home-grown gamification projects before they really knew what they were doing. It wasn't until

the gamification community started to coalesce – and the term entered the popular parlance – that people spoke up and said, “I've been doing this for years.”

One dynamic that has fueled gamification vendor growth is the “double dip”: a company engages with a focus on customers, and then, seeing results, it engages the vendor again to employ gamification programs for its employees. This is great for software companies, but it's another reason enterprises should start thinking about gamification strategically.

As you embark on that strategic journey, an important thing to understand is the demographic trend underpinning gamification. Millennials are dramatically different. They likely won't accept a boring approach to work, tolerate delayed gratification, nor work for the same company for 15 years – unless they have thoughtful rewards, progress, and incentives.

Working as both a strategy and a tactic, gamification has demonstrated itself to be cost-effective and scalable, disciplined, and metrics-oriented. Organizations can adopt it and receive significant benefit, notably strategic competitive advantage when it comes to recruiting, retaining and training top talent, and gaining customer adoption. These early leaders are also increasingly turning gamification into a source of revenue, a trend I see represented by the case studies in leadership presented at the industry's main conference, GSummit¹².

With all this in mind, I see a new role emerging in the enterprise – partly tied to gamification but also going beyond it. We call this role The Chief Engagement Officer: a leader focused on engagement science, techniques, and design disciplines to engage employees and customers of the organization. And if it isn't a single person, it will likely be a cross-functional working group.

It bears reminding, however, that we are still in early days. New insights based on gamification and, more broadly, behavioral psychology are just now emerging. Are there limits to where gamification can take us? We'll find out – but today, the trend line heads straight up.

Flying car future

The future of gamification will likely blur virtual personas and reality – where much of what we do is tracked, measured, and linked to personal and professional rewards. At present within our corporate lives, a very small part of what we know and what we do is used to measure relative worth and performance within the organization. What is evaluated is often done, so through the subjective lens of a supervisor or manager, it is likely removed from the vast majority of our daily routine. Gamification allows for granular, consistent, and real-time feedback, rewards, and growth – driving consistent individual and workplace improvement.

Some will likely fiercely resist dissolving the boundaries between work/life balance. Privacy issues are important. Just because something can be measured, should it be? And who should control disclosure to your employer, to your insurance provider, or to local authorities?

Finally, refereeing and adjudication in gamified business process will likely become a full-time function. People may bend rules to “win,” outright cheat, be accused of cheating, and accuse others of cheating. How will disagreements be resolved, and how will game dynamics evolve over time? But then again, how does it really differ today?



Where do you start?

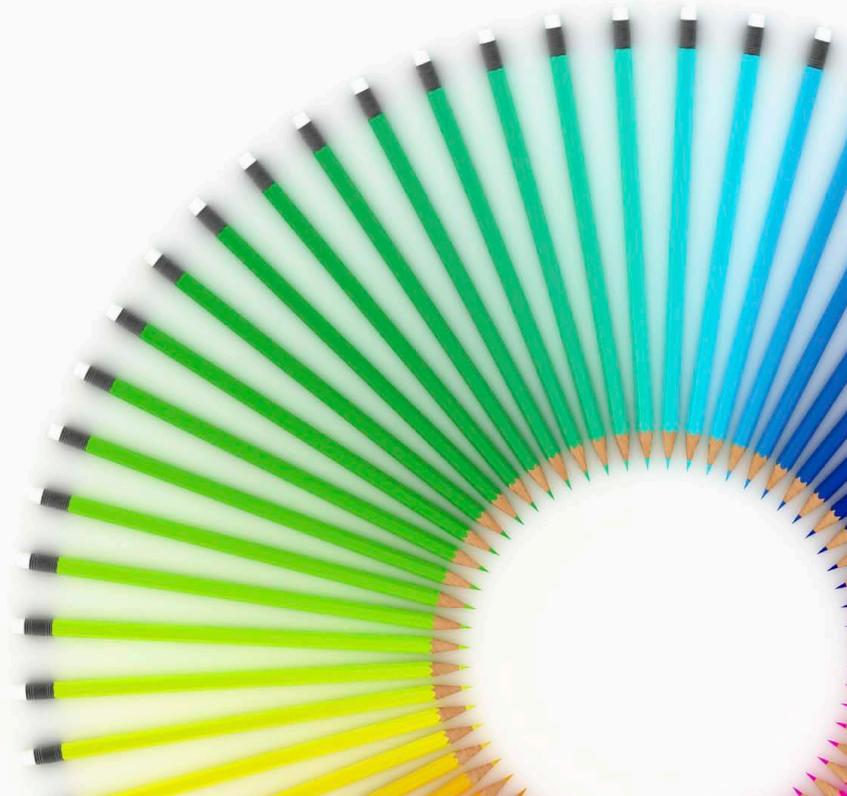
The building blocks for gamification are familiar – starting with business objectives, desired outcomes, and understanding the audience. For gamification to truly go to work, however, it is important to understand the inner workings of the organization, process interdependencies, and behaviors, including the interplay between human actors and the underlying technologies. Some initial steps:

- **It's a social business thing.** Like any social business investment, the first step is to clearly articulate the business problem to be addressed. Next, identify the social networks relevant to that objective – spanning both the virtual and the physical world. Third, explore incentives that may cause the networks to engage on that objective. Finally, explore opportunities to greatly decrease traditional constraints with the methods, technologies, and media of gamification. These steps may seem pedestrian, but many failed gamification efforts start with a specific game mechanic or platform they want to introduce – not the “why,” “for whom,” and “so what.”
- **Design is a team sport.** The construct of a game will likely touch on individual incentives, operational and organizational goals, analytics, end-user interface, and underlying IT systems. A multi-disciplinary team is needed to represent these dimensions – including social scientists, marketers, game designers, line-of-business managers, data scientists, back-end systems engineers, and architects. Business systems are complex and have causation. When applying game dynamics to a business process or the business as a whole, designers should understand the complexity of the rules that govern the organization – and how to increase interaction and engagement with audiences. The game design itself should maintain clarity of its benefits to users – as well as to the organization.

- **Measure, tweak, and iterate.** Intangible effects and lack of measurement criteria have led to the perceived failure of some early gamification efforts. Benchmark current performance, measure the output once the application is activated, and don't hesitate to revise assumptions, approaches, or tools in response. Almost nothing kills an innovation in business process like failure to move the initiative beyond the pilot implementation. There are three dynamics which need monitoring. First, be sure to maintain momentum within the “interest corridor.” If the game dynamics are too difficult, the participant will likely lose interest and disengage. The same is true if the dynamics are too simple.

Secondly, by gamifying a process, the organization will likely have access to a significant amount of new data that was previously unavailable. Through a feedback mechanism, you may have insights on how to adapt in real time. If harnessed correctly, organizations will likely be able to refine their strategy in real time.

Finally, keep an eye on long-term objectives. Tweaking, measuring, and enhancement should be an ongoing process – not a one and done effort. Be sure to fine-tune the model. But more importantly – to keep players engaged over time. What will keep this process exciting and interesting after the first level or achievement is reached? And how will the data that is analyzed regarding behaviors and outcomes cause one to rethink the rewards, incentives, and recognition?



Bottom line

Badges and leaderboards have their place, but they are a part of a larger, more interesting opportunity. By following vendor leads, companies may become stuck with isolated one-off concepts, incrementally improving a small part of the business. Instead, view this as a chance to rethink what a gamified business looks like from the ground up. Understand who you're trying to engage, what motivates them, and how gamification can change the way they look at – and work with – the organization. Don't hit the snooze button, or the opportunity to put gamification to work in your business may be game over.

Authors



Doug Palmer

Principal, Deloitte Consulting LLP
dpalmer@deloitte.com

For as long as “social” has been a phenomenon in the business world, Dr. Doug Palmer has been helping clients leverage its potential for competitive advantage. Doug currently leads the Social Business practice, advising clients in areas related to social media, collaboration, gamification, and the adoption of emerging technologies.



Andre Hugo

Director, Deloitte Digital RSA
anhugo@deloitte.co.za

As Director of Deloitte Digital in South Africa, Andre assists clients in leveraging disruptive digital technologies, enabling them to cost effectively deploy new business models and access new markets or revenue streams.

Endnotes

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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.

Contributors

Jeff Anderson, Rajeswari Chandrasekaran, Ian Clasbey, Greg Comline, Teresa Dannemiller, Alex Dea, Lee Dittmar, Rafe Dyer, Chris Garibaldi, Michelle Hernandez, Jon Hoehler, Dan Housman, Kristi Lamar, Nicole Leung, Andrew Luedke, Chris Martin, Taimur Mohammad, Blair Nicodemus, Izzy Park, Aaron Patton, Aaron Reabow, Farhan Saeed, Gordon Sandford, Terry Stuart, Tammy Swartz, Vikash Tiwari, Emad Toukan.

Research

Leads: Chris Chang, Justin Franks, Tom Gleason, Nick Johnson, Abhishek Mishra, Jose Munoz, Paridhi Nadarajan, Sam Soneja, Jeremy Young.

Team Members: Jacob Artz, Felix Chang, Jenna Chen, Josiah Davis, Philip Davis, Kevin Downs, Jeff Eiden, Jason Febery, Andrew Fisher, Ramya Ganeshan, Dwij Garg, Leksi Gawor, Anil Gopala, Taylor Hedberg, Sam Jamison, Corey Ke, Kanisha Khaitan, Rebecca Kim, Adrian Kosciak, Karthik Kumar, Joy Li, Ryan Malone, Simy Matharu, Estefi Medina, Sean Mullins, Holly Musemeche, Abhishek Narula, Audrey Nguyen, Dan Nieves, Chinyelu Offodile, Akshai Prakash, Nathan Rabold, Adam Re, Talal Rojas, Brad Shivley, Dilys Sun, Yair Ton, Jenny Zheng.

Consumer Products Contributors

Al Langhals, Suketu Gandhi, Marcus Shingles, Matt Law, Karl Rupilius, Darwin Deano, Oliver Page, Jarrod Phipps, Marat Surenovich Mamedov, David Tobin, April Asico.

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Authors

Mark White
Chief Technology Officer
Principal, Deloitte Consulting LLP
mawhite@deloitte.com

Bill Briggs
Deputy CTO
Director, Deloitte Consulting LLP
wbriggs@deloitte.com

Disruptors

CIO as the Postdigital Catalyst

Suketu Gandhi
Principal, Deloitte Consulting LLP
sugandhi@deloitte.com

Bill Briggs
Director, Deloitte Consulting LLP
wbriggs@deloitte.com

Mobile Only (and beyond)

Shehryar Khan
Principal, Deloitte Consulting LLP
khans@deloitte.com

Mike Brinker
Principal, Deloitte Consulting LLP
mbrinker@deloitte.com

Social Reengineering by Design

Stephen Redwood
Principal, Deloitte Consulting LLP
sredwood@deloitte.com

Chris Heuer
Specialist Leader, Deloitte Consulting LLP
cheuer@deloitte.com

Design as a Discipline

JR Reagan
Principal, Deloitte & Touche LLP
jreagan@deloitte.com

Nelson Kunkel
Director, Deloitte Consulting LLP
nkunkel@deloitte.com

IPv6 (and this time we mean it)

Bruce Short
Director, Deloitte Consulting LLP
bshort@deloitte.com

Edward Reddick
Director, Deloitte Consulting LLP
ereddick@deloitte.com

Enablers

Finding the Face of Your Data

David Steier
Director, Deloitte Consulting LLP
dsteier@deloitte.com

Vikram Mahidhar
Director, Deloitte LLP
vmahidhar@deloitte.com

Gamification Goes to Work

Andre Hugo
Director, Deloitte Digital RSA
anhugo@deloitte.co.za

Doug Palmer
Principal, Deloitte Consulting LLP
dpalmer@deloitte.com

Reinventing the ERP Engine

Bill Allison
Principal, Deloitte Consulting LLP
wallison@deloitte.com

Rick Kupcunas
Director, Deloitte Consulting LLP
rkupcunas@deloitte.com

No Such Thing as Hacker-proof

Kelly Bissell
Principal, Deloitte & Touche LLP
kbissell@deloitte.com

Kieran Norton
Principal, Deloitte & Touche LLP
kinorton@deloitte.com

The Business of IT

Peter Vanderslice
Principal, Deloitte Consulting LLP
pvanderslice@deloitte.com

Bryan Funkhouser
Principal, Deloitte Consulting LLP
bfunkhouser@deloitte.com



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