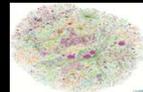


2012

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1

Ten-speed economy

Forget the two-speed economy. As the pace of change in the business environment accelerates, the divergence in performance between companies is increasing. While media focuses on the relative performance of countries, states, and industries, the bigger trend is the rising gap between those businesses that are being left behind by change, and those that are nimble enough to seize the massive opportunities created by those shifts. The consistent increase in turnover in Fortune 500 leadership will accelerate. Expect dramatic business failures, while others thrive.

2

Crowd work

In a connected world labor is a global game, and talent can be anywhere. Small businesses are now able to draw on low-cost skilled workers to extend their capabilities and grow faster. Large companies, from Procter & Gamble and IBM down, are recognizing that even they need to go beyond their employees to innovate fast enough. Creative industries and now media companies are drawing on crowds to generate ideas and content. Service marketplaces such as oDesk and Freelancer.com have already brokered over \$1 billion of work. For developed countries there is the potential of some roles shifting overseas but also upskilling and increased productivity, while some developing countries are being transformed by their participation in the emerging global talent economy.

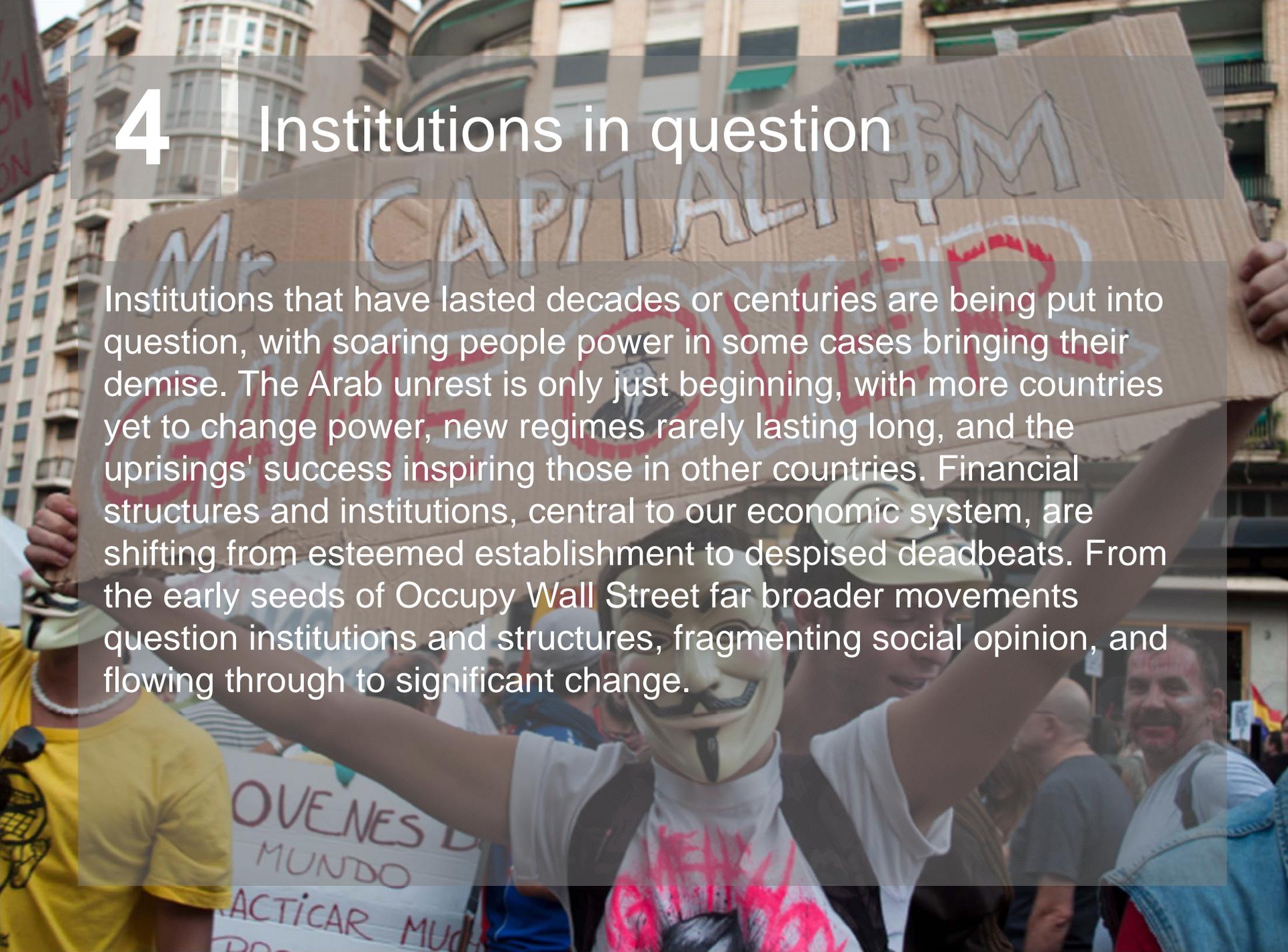
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Privacy vanishes

Our privacy has been gradually eroding for years, as social networks mine and use our personal information, and marketers piece together the profusion of data they have gathered on who we are and how we buy. Now our anonymity is compromised further through extraordinary advances in facial recognition technology. Now that our faces can be recognized from billions, pervasive video monitoring throughout our cities means we can be tracked every moment we are outside our front door. Facebook uses extremely accurate facial recognition technologies while Apple and Google own advanced platforms they are not yet using. Governments and some corporations are accumulating databases of our faces. The implications for our privacy are profound. While so far few have objected to the gradual erosion of our privacy, this is about to move to the center of the agenda.

4 Institutions in question

Institutions that have lasted decades or centuries are being put into question, with soaring people power in some cases bringing their demise. The Arab unrest is only just beginning, with more countries yet to change power, new regimes rarely lasting long, and the uprisings' success inspiring those in other countries. Financial structures and institutions, central to our economic system, are shifting from esteemed establishment to despised deadbeats. From the early seeds of Occupy Wall Street far broader movements question institutions and structures, fragmenting social opinion, and flowing through to significant change.



5

Consumer heaven

As consumers, we have never had it so good. Whatever we want to buy, we can select from any number of local and global suppliers. Mobile apps allow us to scan anything we see in a store and instantly find out where we can buy it for less. Deal sites proliferate to offer discounts based on time, location, and community. While the woes of some sectors of retail such as traditional department stores will continue to mount, new opportunities are emerging. 'Social shopping' usually refers to the rapidly rising domain of interacting with friends while you are buying online. However some retailers such as Diesel Jeans and H&M are using innovative approaches to social shopping that help people connect with their friends as they buy in stores. The best shopping centers and suburban shopping districts will thrive on experience, community, and uniqueness.

6

Cyberwar

As technology and information flows create more value we become increasingly dependent on them. For those with nefarious intent, the first point of attack is now often on technology. Governments are developing their capabilities to attack infrastructure and the commercial interests of their foes, as we have seen with the Stux virus that attacked Iraqi nuclear facilities. Terrorists are working hard to build similar capabilities. The rise of 'hacktivists' such as Anonymous and LulzSec will result in an increasing number of large organizations attracting their attention and sometimes highly destructive attacks. From now, digital worlds are where battles will be fought, won, and lost.

7

Everything social

It is just over five years since Facebook was opened to the general public on September 26, 2006, finally making social networking an activity that transcended all demographic divides. There are now well over 1 billion people active on social networks around the world. From here almost everything will be social, including organizational work processes, government policy and service delivery, shopping, school and adult education, job search, music, and almost every aspect of media. This explosion will create a social divide, with at one end of the spectrum the oversharing who live completely connected lives, while at the other extreme many will choose opt out of the social world, in many cases cutting themselves off from career and personal opportunities.

8

The new luxury

Our expectations of excellence in all that surrounds us are always increasing. However in the midst of financial mayhem, luxury takes a different shape, less ostentatious but in its subtlety even more refined. As growth economies such as China consume an ever-increasing proportion of the world's luxury goods, differing sensibilities of luxury emerge. As brands seek to tap 'masstige' markets they often lose their own prestige. The most powerful brands become those that are not openly visible and are only discernable by the cognoscenti. The rapid swelling of the global ranks of the wealthy flows through almost completely to the markets for status and luxury, driving intense refinement and discernment, yet also too often a complete lack of taste.

9

Reputations exposed

Reputations are more visible - and more vulnerable - than ever before. Beyond Wikileaks and its imitators the powerful amplification provided by social media means more shocking secrets than ever will be brought to light, with media organizations, corporations, and governments caught naked in Twitter streams and mainstream headlines. While reputations can and will be trashed in moments, the rise of increasingly accurate reputation measures will also make visible the best companies and most talented individuals. The rapid growth of the reputation economy will result in many seeking desperately to push up the public measures of their influence and reputation. In a maturing industry gaming the numbers will become harder and the scores will gradually become more useful.

10

New interfaces

The value we gain from the extraordinary progress of technology has been severely limited by the antediluvian interfaces we still use, such as the QWERTY keyboard and mouse. Today's touch screens will be complemented by gesture and expression recognition. Apple's Siri represents a landmark in coalescing voice communication and intelligent search, which will herald not just more and better intelligent agents, but also widespread expectations of computers that are finally ready to obey our every command. Video and augmented reality glasses will come of age, providing sleek and comfortable ways to bring data overlays and big screen experiences to us on the street and in buses, trains, and baths.

11

Polarization

In a world in which so much brings us together, we are tearing ourselves apart. There appears to be no middle ground in US politics, with a vituperative election due to culminate in an undoubtedly bitter resolution. Europe is mirroring the shift with increasingly extreme politics thriving in challenging financial times. The defining theme of climate change is division on what it is and what we should do. Across countries and within nations, the gap risks increasing between haves and have nots. A great dividing force is the immense power of connectivity and the separation between those who have access and know how to use it, and those who do not. There is even polarization between the forces that divide us and those that unite us. Our future depends on greater integration.

12

Transformation not apocalypse

Some believe that the end of the Mayan calendar on December 21, 2012 heralds the end of the world. Others have long pointed to 2012 as the year of the 'Singularity', when exponential technological growth finally creates a world beyond human comprehension. The world will not end, but it may well be transformed. While we will likely still recognize most aspects of our world a year from now, the accelerating pace of social as well as technological change may mark 2012 as a turning point in human history. Yesteryear's expectations of a mind-boggling 21st century are finally being borne true, just in a different way than foreseen.



ROSSDAWSON

www.rossdawson.com

- Futurist
- Keynote speaker
- Strategy advisor
- Author



www.futureexploration.net

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