

Cisco Executive Perspective

“Making innovation pay”

Breaking the mould is imperative if companies want to survive and grow in today’s challenging market conditions. Chris Dediccoat, President, EMEAR believes that the ‘Internet of Everything’ offers just that opportunity.

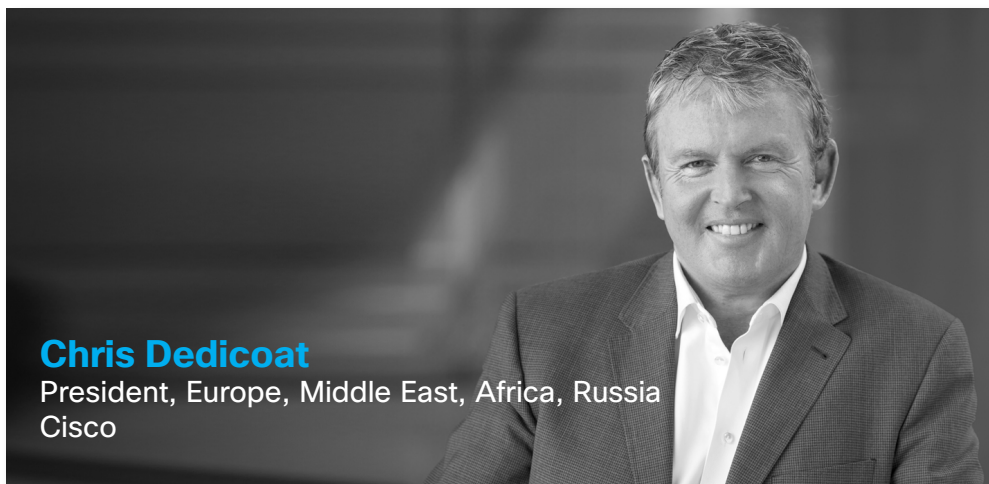
Even the most cursory look around the business world highlights the importance of innovation for staying one step ahead of the market. The economic crisis is now in its sixth year, forcing businesses of all shapes and sizes to question whether they are doing enough to innovate their way out of this stalemate situation.

Once invincible brands are falling because they have failed to accept the need to adapt – or to do this early enough and to the degree required. Any organisation that has previously questioned the sense in prioritising innovation in the current climate must now review their strategy to ensure they are not similarly vulnerable.

Recession masks more serious problems

In February 2013, the Centre for Retail Research published a long list of retailers that have fallen by the wayside between 2010 and 2013.

The undoing of these companies is down to much more than simply what has been happening in the economy. Most of these organisations had very strong and long-standing brands, and associated online businesses. Most commonly the issue had been a failure to move fast enough into the digital sphere and to develop a sophisticated, competitive e-commerce proposition.



Chris Dediccoat

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Most had neglected to fundamentally rethink their core business models and question whether the business as it stood was still relevant to today’s consumers. Retailers that do not already have a solid digital strategy are now playing catch-up and the consequences are widely evident. Those seeking to make up for lost time are now trading investments in real estate for strategic spending on advanced technology that will help them leapfrog their rivals.

Staying connected

Staying connected, in all senses of the term, is the only practical way to stay relevant. Remaining in tune with the market and with customers keeps a business aligned with changing trends and transitions in customer preferences and habits. Maintaining flexible connections to technology, meanwhile, and having the facility to switch new capabilities on quickly as needed, gives companies their best chance of keeping pace with the competition.

Nespresso knows everything about its customers through its ‘membership club’. This enables it to keep a record of individual customer purchasing

habits, information which it can use to provide service personalisation. Its web site, boutiques and customer relationship centres blend together creating a bridge linking consumers with the company.

As profound changes are taking place in the retail sector, the world-famous department store chain John Lewis upped the pace of innovation and investment last year. This was at the price of some short-term profit but left the company in a good place leading up to the Christmas period. Its click-and-collect service, which blends its online and offline channels, drove a 44.3% increase in revenues with overall online sales totalling £684.8 million after the 2012 festive season.

The future is already here

Urgency is growing too, as the pace of change accelerates to unprecedented levels. We are rapidly beginning to experience something we are calling the ‘Internet of Everything’ (IoE), which includes the Internet of Things as a subset. The Internet of Everything is the intelligent connection of people, process, data and things to make networked

connections more relevant and valuable than ever before.

The increasing volume, variety and velocity of data is also giving rise to a demand for 'Data in Motion' – a requirement for real-time, predictive analytics that enable companies to provide actionable insights to the right people in the right place and at the right time. One important enabler of the Internet of Everything is the network intelligence that fuels the manageability, controllability and scalability required to support this incredible growth in connections.

'Internet of Everything' drives new ambition

In the automotive industry, the latest technology is not only the means by which market leaders run their businesses, but is also central to how they differentiate their vehicles. Germany's high-performance BMW brand is driving innovation by connecting its cars to the Internet. It envisages customers being able to use vehicle data, and speed and GPS location information for a variety of uses – from vehicle performance monitoring to allowing car owners to check on a vehicle's fuel level from their smartphone, or find a free parking space in a crowded city.

To maximise the value organisations can derive from the vast IoT opportunity, business leaders need to look at what has been achieved so far and where the most value has been derived. The most successful use cases to date include smart grids, smart buildings, connected healthcare and patient monitoring, smart factories, connected private education, connected commercial vehicles, connected marketing and advertising, and connected gaming and entertainment, among others.

Smarter together

What the Internet of Everything teaches most of all is that business value creation has shifted towards the power of **connections** and, more specifically, to the ability to create **intelligence** from those connections. Companies can no longer rely solely on internal core competencies and the knowledge of their employees for their competitive edge and ability to react to a changing market. Rather, they now need to be able to capture intelligence faster from a whole plethora of external sources.

A lot is demanded of companies today. Not only must they push through economic inertia to keep the business fresh and braced for new growth, they must also develop responsibly, mindful of their impact on the environment and their need to contribute something positive to society.

The consumers of tomorrow, if not today, have grown up with the internet and can't remember a time without it. They assume digitisation and personalisation as a starting point when dealing with companies. When an organisation steps back and sees itself through its future customers' eyes, can it honestly say it will be the company they will choose to do business with in five or 10 years' time? If not, it's probably time for a serious rethink.

Philips: lighting the way

Dutch electronics giant Philips is proactively harnessing the power of the Internet of Everything to deliver intelligent lighting solutions to public places in a way that meets citizens' needs yet simultaneously safeguards the environment, as part of its significant ambition to improve the lives of 3 billion people a year by

2025. It is exploring the potential to connect public lighting to a 'smart grid' or 'energy internet' so that it can be controlled more intelligently and efficiently. Lighting can be dimmed or turned off when not needed, using central controls, and faults automatically registered and scheduled for repair.

Philips is looking to innovation not only as a source of competitive differentiation and growth, but as a means of solving major global challenges – as a powerful force for quantum change. And certainly it is through innovation that breakthroughs are found in fighting disease, providing universal access to education, and tackling climate change.

All of the examples mentioned above offer a mere glimpse of what's possible. What's exciting is that all of the essential building blocks for the next wave of innovation are here now. All that's needed in many cases is the imagination to harness them in new ways. This demands an ability to think differently, and to take bold – yet calculated – steps into the future.

If there is one imperative for businesses as they continue to plan ahead for the year and those that follow it is to start to challenge old beliefs, old patterns and old habits and embrace the new. Connecting new ideas to the Internet of Everything is the ideal starting point.