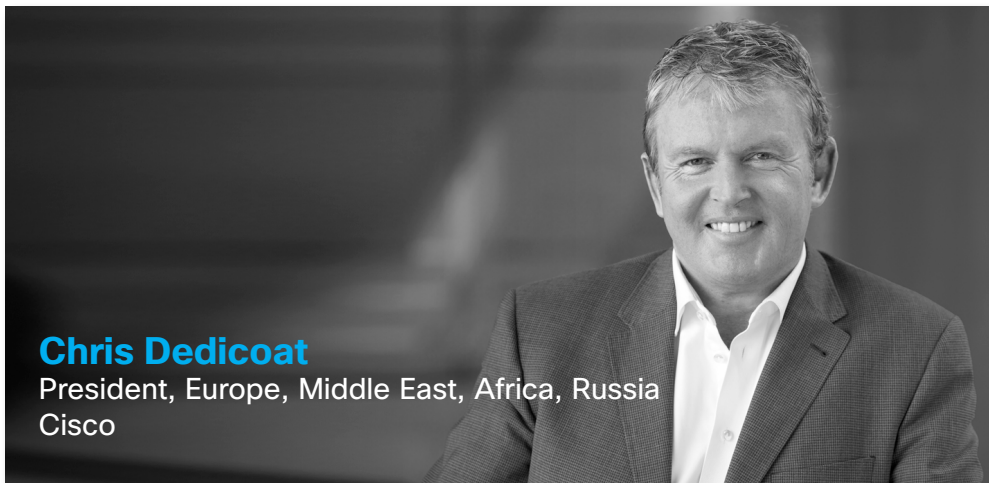


Cisco Executive Perspective

“Facing forward”

“Waiting for the recession to ease is no longer a prudent strategy for companies that want to maximise future growth opportunities. Economic cycles are shortening and now more than ever businesses need to be agile and ready for anything,” warns Chris Dedicoat, President of EMEAR at Cisco.



Chris Dedicoat
President, Europe, Middle East, Africa, Russia
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Organisations that remain wedded to existing business models are becoming increasingly vulnerable. They face threats not only from a difficult economy, but also from the emergence of unforeseen competitors in the form of new players – whether in their home markets, or further afield.

Waiting for the economy to recover before bold moves are made is a dangerous strategy. It is becoming increasingly clear that we are moving towards shorter, more unpredictable economic cycles than have been experienced traditionally, making it harder for businesses to know what to expect. Meanwhile the pace of change has accelerated to unprecedented levels, compounding the situation for those trying to develop new company strategies.

As economic uncertainty continues to linger, not helped by the current euro-zone crisis, many organisations across EMEAR now find themselves at a crossroads. Having now done much of the work needed to pare back their operations so that they are leaner and more efficient, they must now question their ability to flex and adapt, to innovate and develop new business models that exploit the way the market is moving.

Now more than ever technology innovation is core to competitiveness. It affects how agile organisations are, and how innovative they can be in seizing new market opportunities and surprising customers.

A strong base to build on

Established markets in EMEAR have a strong history of IT innovation, with European countries dominating the top 10 positions for global IT competitiveness according to the World Economic Forum’s latest Global Competitiveness Report. This gives companies in those countries a solid foundation to build on – provided they have not built themselves into a corner, and are able to stay on top of market changes.

But emerging markets are making good headway too, particularly the BRICS nations (Brazil, Russia, India, China and South Africa), which are catching up quickly. The World Economic Forum predicts that by as soon as 2013 these economies will over take established economies in their share of world GDP. In emerging markets, high growth rates provide a propitious environment for enhancing competitiveness through

structural reforms and growth-enhancing investments in order to make economic development more sustainable.

The fact that businesses in emerging markets are not encumbered by out-of-date technologies offers them a strategic advantage in a global market. A report published by the Economist Intelligence Unit (EIU) in September 2011 highlights a direct correlation between a country’s IT competitiveness and its overall competitiveness. Worryingly, although it has maintained a competitive position to date, traditional European markets have a relatively low IT spend as a proportion of its GDP compared to the Americas and emerging economies – something that will need to change if businesses in these markets want to maintain and sharpen their edge.

Preparing for the unpredictable

As organisations across EMEAR contemplate the future then, alongside their strategies and budget considerations for the immediate period, they need to assess their readiness for the unforeseeable.

All businesses should be asking themselves what the underlying technologies are that might affect them a year from now, two years from now, three years from now and so on – refreshing this perspective every six months. Winding the clock back just a matter of years, few could have predicted how smartphones, tablets and social networks would change the way companies do business. In years to come, new explosions of innovation will upset the status quo once more. Any organisation that pins itself to a particular way of working today risks not being relevant to or ready for what happens next.

Innovation can be applied at a process level to enhance productivity, but it can and should also be applied at a higher level to enable the creation of new business models – changing an organisation’s very proposition, or the way it reaches customers. The more dynamic and flexible the underlying IT infrastructure, the more options companies have. Studies by the likes of PwC and market capitalisation rankings by Forbes show that the more ambitious industry sectors and individual players have been during the difficult economy between 2008 and 2011, the more they have bucked the trend and achieved real business growth.

Specific examples can be seen in the cases of Allianz in the financial services sector, and John Lewis in retail. Both organisations have broken down organisational boundaries, creating more fluidity in their operations, to make them more customer-centric in their business models. By pooling resources internally and collaborating more dynamically, they have become more productive and responsive; a platform- rather than silo-centric approach to information management meanwhile has enabled closer channel integration, giving these companies’ customers more choice – and more opportunities to purchase. Customers are also being given more of a sense of control over the

products they buy, as well as the channels through which they procure them. As a result of feeling they have more influence, these customers are more likely to stay loyal to the brands.

Keeping one eye on what’s coming

A global survey by McKinsey last year (*A Rising Role for IT*) suggests that, as technology becomes a more important factor in reshaping industries, companies’ boards of directors need to play a more active role in deciding how technology is incorporated into overall strategy – and that ideally discussions should address forward-looking assessments of technology trends as well as immediate priorities.

Such discussions must transcend specific issues such as security or compliance with data-handling or reporting regulations. The agility required to support any decent level of innovation means drilling down to the infrastructure level, where any significant manoeuvrability by the business will be determined. With the right underlying architecture in place, organisations will be better able to get to a position, at least logistically, where they can achieve much of the innovation they envisage. Get the ground-level platform right, and specific issues such as security, rights control, borderless data analysis and collaboration, mobilisation and personalised user or customer self-service become a more viable proposition.

Flexible foundations

Intelligent networks facilitate all of this – allowing organisations to operate more fluidly, but without loss of control. A dynamic infrastructure with inherent, centrally managed security offers businesses the essential building blocks on which to base new business models, streamline processes, harness the cloud and deploy advanced remote and mobile capabilities. Without a consistent,

integrated, yet infinitely malleable infrastructure to underpin any new business model, organisations could create more problems than they solve – by creating new silos, or new points of data vulnerability, for example.

The next phase of internet advancement depends on dynamic, secure interconnections, allowing new levels of spontaneity in the flow of business, in the way knowledge and resources are shared, and the way that teams can form and disperse. Whether the challenge is to redraw the customer proposition; be more dynamic in the way knowledge is shared; or respond to users’ demands to choose the technologies they use for work, an intelligent infrastructure is the essential facilitator of this controlled freedom. Once this is in place, companies can start to make strategic choices about whether to harness cloud-based applications and services, the types of collaboration tools they employ, the optimal approach for facilitating remote and flexible working and new ways of adding value for customers.

For every two companies that are holding back on investment in growth and innovation, there will be at least one that is forging ahead, determined to command their share of new market opportunities as they emerge. This is certainly true in emerging economies where companies’ ambitions know no bounds. As cautious as businesses in EMEAR feel they need to be financially at the moment, they should consider whether inertia might be the costlier risk if they are later unable to make up the ground lost.

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