

NEW BUSINESS INTERACTIVE SERVICES

In 5 years more than 50% of industry profits will come from interactive services that are not being offered today.

THE 'DNA' OF NEW BUSINESS

- 1. Digitization**
Value creation is based on bits. Digital applications moving up and down stream in process. Higher-level digital functions emerging. Digital mastery is essential.
- 2. Internetworking**
New business is based on ubiquitous connectivity and interoperability. Communication/transport economics offset geography.
- 3. Content is king**
New business manages content life cycle. Digital information builds value as it is used, reused, repurposed, and licensed. It must be managed as a core asset.
- 4. New media**
Expanding media choices achieve timeliness, uniqueness, quality, location, and right economics. Businesses seek right mix of conventional print, digital and electronic media, network print, and interactive delivery. Cross-media competence is strategic.
- 5. New markets**
Surgical targeting of markets: Micromarkets (1-to-1); Mass-customization of products and services.
- 6. New business vision**
Businesses change roles and needs: Corporate = interactive business; Creative = integrated communications; Publishing = integral media; and Printing = digital communication services.
- 7. Interactive services**
Trend is towards information-rich service relationships: 'Service' manufacturing. Build interactive relationships with information. Services delivered across networks are new business building blocks.
- 8. New business deployment**
Business functions get performed where it makes most sense. Trends include: Insourcing and outsourcing; Disintermediation; Prosumption; Distributed business; Virtual office.
- 9. New business organization**
Restructuring for responsiveness: Molecular models; Super-business (inter-enterprise teams); Business within a business; Cross-functional teams; SOHO (small office, home office).
- 10. New workflow patterns**
High performance—Huge improvements in service, speed, quality, cost, and other performance measures. Products and services become appliance-like.

1. THE NEW BREED OF BUSINESS

21st century graphic communications will have a new DNA—a pattern that differentiates it from the previous business in important ways. Ten key 'genes' (trends) will reshape your business environment and customer needs.

The transition is from manufacturing to services, mass to information (assets are measured in bits rather than, say, pounds), transportation to communication (business is done across networks rather than across town), and from the individual to teams (you need the right relationships with customers, suppliers, and, most of all, employees).

While this restructuring of markets, technical infrastructure, and business relationships demands changes in your business, it offers many opportunities to package new value for customers.

2. NEW SOURCES OF VALUE

As the business environment and customer needs change, your competencies and mix of products and services must evolve to meet these changes.

The hard part isn't finding new opportunities. It's picking them.

As you can see from the diagram, you can seize the future from six directions. While developing services in any of these areas is worth exploring, it's far better to look for those that complement your current services, since 'sweet spot' combinations are one of the key ways to leverage your value to your customer.

Just as important as finding the right opportunity is building the right relationship with your customers and, finally, having the right infrastructure in place to capitalize on it.

AUTHORING

Customers will need content. Some they create, other they will outsource. One key trend is towards content development for multiuse and for cross-media delivery. Another trend is towards digital libraries for managing core information assets across their useful life.

This direction leads towards content development, digital mastering, and content management services—combining elements of creative services such as authoring, design, digital imaging, and information management with media, marketing and demographic expertise.

TECHNOLOGY

Customers will move towards interactive business, digital libraries, network printing, and new media. They will need new technology and processes.

This direction leads towards technology services as distinct from content and media processing. These services involve design, integration, installation, and services on technical infrastructures for customers, partners, and suppliers.

CONSULTATIVE PLANNING

Customers will demand greater choice and control over print and new media. While communication options proliferate, budgets will change incrementally. Customers will need help planning for effective use of content, media, and production processes.

This direction leads towards services earlier in the communications cycle. Delivering expertise in planning, developing and packaging media ranging from individual media products through comprehensively integrated communications programs. Also, at an operational level, outsourcing services and facilities management can be a viable direction.

MEDIA

As customers use new forms of print and new media, they will need support.

This direction leads towards new categories of creative, production, and management services for single or multi-media projects. Knowledge of networked services, digital workflows, information management, and content packaging across different media can be leveraged to create new specializations and provide a fuller range of media services.

REPLICATION

As media and information become more (not less) important, fulfillment of needs becomes more specific. Customers will need output, but it must be the right output—when, where, and how it is needed.

This direction leads towards new categories of demand-driven output services that involve final reproduction and distribution of print or new media products—leveraging knowledge of digital (front-end) workflows with investments in manufacturing infrastructure and expertise.

NICHING

Customers will need specialized expertise. In an era of ubiquitous networks and digital service infrastructure, niche opportunities will be plentiful, deriving from specialized market, application, customer, technology, and process knowledge.

This direction leads towards services that focus expertise in narrowly specialized, detailed, defensible, and high value-added applications and processes.

5. TRANSITION

Actions you can take today to develop your business:

Your basic strategy is to get digital, get networked, manage information assets, and deliver value-added interactive services. Here is a list of about 50 action items that you should include in developing your transition plan. Actions are arranged by priority into three groups:

Immediate—improve the economics and performance of current products and services. Do business across networks.

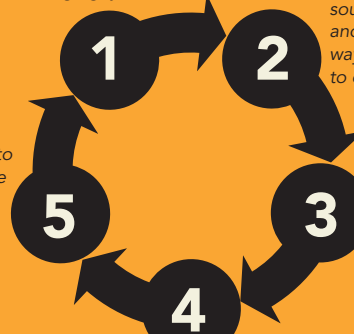
Near-term—implement selected new products and services of value to your customers.

Mid-term—implement new business models. Change our business and organization to exploit the new infrastructure.

Each business has its own strengths and unique history. Simply begin where you are.

WHAT IS NEW BUSINESS?

By understanding your changing environment and how your customers needs are changing, you can...



Configure a more valuable (and sustainable) mix of products, services and processes in ways that make sense to your customers and provide competitive advantage, which...

The coming business environment is 'interactive services.' The transition is from manufacturing to services, mass to information (assets are measured in bits rather than, say, pounds), transportation to communication (business is done across networks rather than across town), and the individual to teams (you need the right relationships with customers, suppliers, and, most of all, employees).

THE CYCLE OF UNDERSTANDING

This infomap charts structural changes affecting your business models, markets, organization, processes and skill sets. The focus is on how to identify new sources of value for your customers and how to package them for cost-effective delivery.

The map is divided into five parts. The first highlights changes to your business environment. The second profiles new sources of value. The third diagnoses your current situation. The fourth packages new value for your customers. The fifth sets forth actions you can take today to align your infrastructure, turbocharge existing operations, and transition to 21st century business models.

4. PACKAGE NEW VALUE

While circumstances may change, business fundamentals don't. As you examine new opportunities, follow these guidelines:

1. Pay as you go

You don't have to do everything at once. Select projects based on the payback. 90% of the benefits will come from 10% of the projects. Select projects with higher return on investment (ROI) over those with less. Select projects with more rapid payback, over those with slower returns.

2. Do first things first

Secure your base. Put your house in order. Tackle projects that improve current operations before you engineer new capabilities and new services. Least cost production will still be the best way to fund investments in your future.

3. Develop your key assets—people & relationships

Don't speculate on new technology—invest in infrastructure. First invest in your people and organizational learning. Develop the business culture you need to exploit new technology before investing heavily in capital equipment. Second, align with technology partners you can trust and who will be there when you need them. Without them your basis for R&D is only a business of one.

4. Keep your customer in view

Even if you'll never be able to tell ISDN from ATM and CDMA from TDMA, you can understand one thing—your

customer. Look for new services that complement existing ones, and 'sweet spot' combinations of services that leverage your value to customers.

5. Be the first on your block—Or not

Offer new services when they make sense. Advantage goes to the early entrant. But, there is a tradeoff between premature commitment and lost opportunity that you must manage. Examine market, technical, and business feasibility beforehand. Talk with lead customers, and be flexible as you learn.

Before you invest, take this test:

Does the business case make sense? What are the economics? ROI?

Are we addressing a real customer need? What service-levels and price performance characteristics are required?

What are the business, market, and technology prerequisites for delivering this service successfully?

What is the competition? and how will we win?

3. SITUATION ASSESSMENT

The path to the future builds from your present situation. Ask yourself some self-diagnostic questions:

1. Is your business aligned with the key trends shaping the industry? These should frame your goals, capabilities, and needs.

2. How much longer will customers value our current mix of products and services? Nothing lasts forever. You must make a transition to new sources of value. If you are really successful, your customers regard you as strategic to their success, not simply a commodity supplier.

3. Can we compete against improved levels of service, price and performance? You must excel in these areas. Proprietary value resides in the core competencies (knowledge, skills, and resources) of your organization. Do you have sources for the new skills or knowledge that you need?

4. Are we moving not just towards new services, but ones our clients actually can use? It's easier to fill a need than to create one. Does your mission align with the needs your customers express?

5. Do we have the culture and technology base for sustainable growth? Your organization must adapt to deliver high-performance interactive services across a networked digital infrastructure.

Update your Business

Business planning is a disciplined way of rethinking what you are doing, why you are doing it, and how you are doing it. First, examine the market environment and your customer needs. Your mission is to apply resources and competencies to meet these needs in ways that are valuable and sustainable. Your workflows synthesize the value added to products and services by your technology, organization, management, and external services.

