People First:
The Primacy of People in the Digital Age

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People First:

The Primacy of People in the Digital Age

The Accenture Technology Vision 2016 identifies five technology trends fueled by the *people first* principle and that are essential to business success in the digital economy.

- Intelligent Automation
- Liquid Workforce
- Platform Economy
- Predictable Disruption
- Digital Trust
Trend 3: Platform Economy
Is anyone successfully doing this?

Market Cap of Top 15 Public Platform Companies: $2.6 trillion

Market Cap of Private ‘Unicorn’ Companies: $500 billion

**TOTAL:** $3+ trillion

Tech companies & born digital organizations are dominating the digital economy with platform business models.

Private venture-backed startups are also driving record-high valuations:

- More than 140 ‘unicorns’ (private companies with valuations of $1 billions or more) have a total market cap of over $500 billion (*The Unicorn List,* CB Insights, 2015)

- 70% of ‘unicorn’ startups are platform companies (Center for Global Enterprise, 2015)

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### Market Cap Valuations – Internet vs. Platform Companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet Companies</th>
<th>Platform Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>$16,752 MM ($16,752)</td>
<td>$2,560,902 MM ($)</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
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**Comparative Analysis:**

- **Internet Companies**: Apple, Axel Springer, Copart, Fox Communications, IAC/InterActive Corp., iLive, iStart Internet, Live Microsystems, Netcom Online, Netscape, PSINet, RentPath, Storage Computer Corp., Wave Corporation, Web.com

- **Platform Companies**: Alibaba, Alphabet, Amazon.com, Apple, Baidu, eBay, Facebook, JD.com, LinkedIn, Netflix, Priceline.com, Salesforce, Tencent, Twitter, Yahoo!

**Market Cap Valuation Changes:**

- **Internet Companies**: +15,187.1% increase
- **Platform Companies**: No significant change

**TOTAL:** $3+ trillion

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Using platforms is the business model
New technology platforms are driving business innovation, everywhere

Driving a geographic dispersion of technology innovation hubs
Digital leaders from non-tech sectors are now also building platforms

- Having a platform strategy and the business know-how to exploit it is more important than “owning” an ecosystem.

- By 2018, IDC predicts that more than 50% of large enterprises – and more than 80% of enterprises with advanced digital transformation strategies – will create and/or partner with industry platforms.¹

- IDC predicts that the number of industry clouds will reach 500 or more by 2018, up from today’s 100-plus.²

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¹ “IDC Predicts the Emergence of “the DX Economy” in a Critical Period of Widespread Digital Transformation and Massive Scale Up of 3rd Platform Technologies in Every Industry,” IDC, November 4, 2015


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As a leader in the digital revolution for healthcare, Philips is launching Philips HealthSuite platform with 3 tech partners:

- Salesforce.com
- Amazon IoT
- Alibaba Cloud.

With a platform business model Philips is driving new growth paths that complement its core business in medical equipment.

The platform business model lives alongside the traditional product business.
Leaders are seeing the same trend

How Smart, Connected Products Are Transforming Competition

by Michael E. Porter and James E. Heppelmann

How Smart, Connected Products Are Transforming Companies

The operations and organizational structure of firms are being radically reshaped by products’ evolution into intelligent, connected devices.

by Michael E. Porter and James E. Heppelmann
Implications for Organizational Structure

LED by a chief data officer. Handles enterprise-wide data aggregation and analytics, supports the functions' analytics, and shares information and insights across the firm.

- **UNIFIED DATA ORGANIZATION**
  - IT
  - R&D
  - MANUFACTURING
  - MARKETING
  - SALES
  - SERVICE AND SUPPORT

Deep collaboration reflecting the new need for IT in product development. May lead to IT teams embedded in R&D or product design teams with IT representation.

- **DEV-OPS**
  - Draws teams from R&D, IT, manufacturing, and service. Oversees product updates, post-sale service and enhancements, and efforts to shorten product-release cycles.

- **CUSTOMER SUCCESS MANAGEMENT**
  - Takes charge of the ongoing customer relationship and ensures that customers gain maximum value from the product.
Modern enterprise replaced small traditional enterprise when administrative coordination permitted greater productivity, lower costs, and higher profits than coordination by market mechanisms.
This is a big picture change

**Traditional Value-Chain Business Models**

- Production
- Distribution
- Marketing
- Consumer

Value creation is linear and one-way

**Platform-Driven Business Models**

- Developers
- Publishers
- Content owners
- Retail
- Services
- Consumer
- Platform

Value creation is two-way and continuous

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Key Takeaways

Driven by the new rules of business, platform business models represent the most profound disruptive change in the global macroeconomic environment since the Industrial Revolution.

The strategic use of technologies to create platform business models is driving unprecedented growth opportunities in the rapidly expanding digital economy.

While tech and digital born organizations have been dominating the digital economy with record-high market caps, non-tech digital leaders across all industries are developing platform strategies now (the new tech leaders).

This is the context of (digital) system, and system-of-systems.
Thanks 谢谢

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