

# Connectivating and the new ways of winning

**Question: What is 'connectivation'? How can SMEs leverage technological and analytical breakthroughs to drive their business?**

**Answer:** Companies are innovating their business models, products and processes by seizing the possibilities of "connecting with ease". By leveraging today's convergence of technological and analytical breakthroughs, companies are creating fortunes, undermining industry structures and changing the world.

Such innovations can almost ensure that companies maintain their competitive edge in an era where consumers expect services to be immediate, easy and ubiquitous. Companies become increasingly accessible, thus creating a space-time singularity called Always Available.

We call these innovation examples "connectivations". Connectivations are defined as: new ways to connect people, businesses and other entities to create and capture new value. Connectivations tend to be game-changers that shake up and fundamentally transform the competitive dynamics of an industry.

This is not a recent phenomenon. Beyond the dotcom giants such as Amazon.com and Google, or Web 2.0 stars like Facebook and Twitter, these types of innovations and transformations have been happening for a long time to a wide range of both small and large companies and institutions. Today, they are happening faster.

## Forces that drive connectivations

The first force is the Digitisation of Everything, that is creating a large amount of information, intelligence and insights. With high-density storage devices, real-time sensors and fast-search capability, we can now collect mountains of data and find whatever information we are looking for.

With powerful computers and high-speed



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processors, we can rapidly convert information to intelligence.

The second force is the Homogenisation of Everyone that is driven by a global language, global opinion leaders and global brands.

With the Internet and ease of travel, English continues to be the global standard for communication; expect a meeting with an Italian, Russian, Nigerian, Indian, Chinese or Brazilian to be in English.

With winners being defined by a small group of opinion leaders – whether Oprah Winfrey for products or the Academy Awards for movies or Billboard for Music – expect people around the world to have similar ideas, watch the same movies and listen to similar music.

Even with this homogenisation, cultural differences will need to be respected and people will try and create unique personas.

The third force is the Transformation of the Value Chain by new entrants, elimination of intermediaries and the use of virtual networks.

With the emergence of high-quality and low-cost companies that focus on key parts of the value chain, all companies have choices to outsource non-core activities from man-

ufacturing (Flextronics), shipping (FedEx), to payments (Paypal). With more digitisation across the value chain, companies can directly access suppliers (Alibaba.com) and customers (Amazon).

With formal and informal networks, communities are formed making it easier to reach potential employees (Monster.com) or customers (LinkedIn) to create products and services.

The fourth force is the Reinvention of Business Models, where new companies are emerging with new business models, while old companies are rethinking their business model and offerings are being restructured to extract more value.

With new connections and new networks, companies are able to incorporate a much wider range of value exchanges in their business models such as "eyeballs" and other intangibles.

With the increased ability to both disaggregate or to bundle offerings and services, companies can implement much more complex and multi-dimensional business models that can exploit different dimensions of the value proposition.

## How can SMEs connectivate?

A company can appear much bigger than it really is; companies can use digital communication as a platform to scale and reach the whole world.

Through Web-enabled connections that can be deliberately shaped, companies can spur the creation of ecosystems (or value chains) that extend far beyond the geography of headquarters. Twitter, which manages over 140 million Tweets per day, has only 400 employees.

A company can give people what they want before they even ask for it. Through combining information on a micro level (for example, "big data analytics" on individual purchasing patterns, interests of friends and

associates) and on a macro level (for example, understanding global trends in the market and technology offerings), companies can tend to customers' needs faster than ever before.

For instance, BigBelly Solar's (US) solar-powered trash compacting bins can "communicate" with garbage trucks, which will stop to empty the bins only when they are full, saving thousands of dollars of gas and time for garbage companies.

A company can break its offering into smaller parts and access new markets; today's consumers are hungry to have items tailored specifically to their needs.

Mass customisation using modern technology allows customers to divide the time a product is used as well as choose among modularised parts. Zipcar (US) has created a market for product time-sharing among its customers who can reserve a car for any length of time from a half-hour to several days.

A company can get to market faster and easier; as tastes, products and cultures become more globalised, some products and services enjoy more opportunities as markets expand geographically and in size.

Companies such as FedEx will find more ways to get products into consumers' hands almost anywhere. Today's start-ups in California can manufacture in China, sell

through the Internet and distribute through FedEx to the Cayman Islands.

What an amazing time we live in! Never before have we had the opportunity to build companies 10 times bigger in a tenth of the time at a tenth of the cost.

For any incumbent in an industry, be warned that competition will come at a faster pace than ever imagined before.

For any new entrant, be warned that if you do not move fast enough, another new entrant will overtake you. Every industry is being disrupted by this phenomenon of being Always Available.

Isn't it time for you and your organisation to connectivate – or are you prepared to risk losing the game?

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