

IT implications of convergence

Ian Pearson, Futurologist, July 2006

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Convergence is well known to everyone in IT. When computing and telecoms converged into a single industry, there were two main effects. The first was that previously distinct companies were suddenly competing in the same areas. The second was that the overall size of the IT market increased vastly. As well as the BTs and IBMs, we now also have the Googles and Amazons and ebays that sprung from the area where the two industries collided.

But convergence is far from over. The next two decades will see much more of it, as the whole of IT starts to converge with the fields of biotechnology, nanotechnology and cognitive technology. This NBIC convergence will have the same effects all over again. Since the web is now in a critical mass phase where lots of business models are suddenly becoming viable, change within IT is far from over too.

The result is that companies in every industry sector will see enormous changes in the opportunities and threats facing them. They will find that they will quickly gain competitors, but also that many opportunities are emerging. If they survive, there are potentially rich rewards to be reaped. While competition may badly erode income in established areas, companies can capture new markets by moving into adjacent territory.

IT systems have been widely deployed in most companies to give them increased competitiveness and efficiency. Some of these systems are aimed at providing a foundation for the long term future of the company, linked carefully to the 5 year strategic plan. However, most companies are very poor when it comes to identifying the competitive landscape in the 5 year time frame. For example, it is hard for many IT people to recognise the long term convergence of IT with biotech. Worse still, efficiency and adaptability cannot both be optimised simultaneously. The history of evolution shows strongly that in a fast changing environment, adaptability is far more important to survival than efficiency. If an IT system is finely tuned to match the workings of today's company, it will not work so well for the environment in a few years time. And especially so if that IT system has to be stretched into quite different market areas, while other parts of it are becoming obsolete or dead weight.

So, it is clear that the 5 year IT investment plan is becoming a liability. Companies must learn to sacrifice optimisation of costs and efficiency in order to stay adaptable. Adaptability is the main survival characteristic, while going for efficiency today can lead to death tomorrow. Learn to think in the very short term for investment strategy, and keeping options open as far as possible, while looking far ahead to spot market changes that that flexibility will enable your company to capture.