INTRODUCTION

The View Inside: Seizing Opportunities in an Ecosystem Economy
The digital ecosystem economy is here, but it has been for some time. All one has to do is to look at the ways digital startups, and age-old firms with digital savvy, have erased industry boundaries.

It’s not just Airbnb tearing down the barriers to entry in the hospitality sector, or Uber and Lyft rewriting the rules of the taxi business. It’s also companies like Hong Kong-based insurer Ping An’s digital platform, which also provides banking, health care, and automobile financing to hundreds of millions of people. The fact that we’re now in a digital ecosystem economy is reflected, too, in how automakers like Ford are talking more like software companies about mobility services, than they are about manufacturing cars.

Each article in this issue of TCS Perspectives explores today’s ecosystem economy and how company leaders can take advantage of the abundant opportunities. Our articles are grouped in three sections.
The New Ecosystem World

In “How to Navigate a World of Digital Ecosystems,” Frank Diana, Bill Quinn, Kevin Mulcahy, and Rose Castellon-Rodriguez explain why company leaders must look at their opportunities, and their competitors, through a very different lens. The notion of industry borders is becoming irrelevant. Companies with winning digital business models see themselves as competing in digital ecosystems whose stakeholders jointly create new kinds of value for customers.

Competing in a world of digital ecosystems requires leadership teams to greatly accelerate decision-making. That, in turn, requires agile approaches to management, and deep knowledge of how digital technology changes the game. Leaders also must be in synch on their company’s digital strategy. None of this is easy to attain quickly. In “Strategically Agile, Greatly Aligned, and Digitally Deep at the Top,” Nidhi Srivastava explains how to get senior executives aligned on digital strategy and how to reshape it rapidly when necessary.

Companies in digital ecosystems capitalize on new business relationships that erase once-sacrosanct industry boundaries. But with that comes significant new risk. As Sundeep Oberoi writes in “Tackling Cyber Security in a World of Digital Ecosystems,” this risk comes from digitally connecting a company’s systems and data to those of other companies. To prosper in an ecosystems world, companies must revamp security procedures and institute new policies and technologies to guard their systems and data (especially customer data). This requires conducting strong due diligence on new ecosystem partners—assessments of the type that many firms have used for years with their technology suppliers. It also means rigorously authenticating requests to connect to their systems.
As nebulous as it might sound, the ‘Internet of Things’ (IoT) in actuality is a fundamental building block in this digital ecosystem economy. The reason: IoT technologies let companies establish around-the-clock online connections to their operations and to products they sell, both before and after they leave the factory—and even after customers take possession of them. In “Bringing Life to ‘Things’: A Framework for IoT,” Regu Ayyaswamy explains four strategic impacts of IoT technologies—the introduction of new business models, the removal of logistical and other headaches for customers in using a product, more flexible and efficient supply chains, and a better quality of life through safer business operations.

The C-Suite’s Challenges

Every executive at the top of a company can have a different view of their firm’s ecosystem opportunities. In this group of articles, we go deep on the digital opportunities for chief marketing, IT, and finance officers.

For CMO’s, now is the time for them to lead their function far beyond its traditional role of creating brand awareness and demand for their companies’ offerings. In “How the Best CMOs are Digitally Personalizing the Brand Experience,” Sunil Karkera, Sarah Kingsley, and Nisha Yohannan describe the five core capabilities of the best digital marketers. Among them: the ability to provide personalized and relevant information to prospects and customers throughout their experience with the company, integrated data systems that analyze customer interactions at every stage of the brand experience, automated marketing operations, and agile campaign teams.
Few executives are better positioned to help their companies navigate the complex landscape of digitally transfigured business models than the chief information officer, as Akhilesh Tiwari, Supratim Sen, and Rahul Saha write in “The CIO as Digital Ecosystem Enabler.” Many CIOs have championed technology-enabled business change over the past three decades. Now they are helping drive the digital transformation of the business, not just the IT function.

At digitally successful firms, the chief financial officer has emerged from the back office to play a key role. As Vikas Gopal explains in “The New-Age CFO: Driver of Real-Time Business,” a number of finance chiefs are helping develop next-generation business models. They are also embedding financial experts into key business functions and using data analytics to guide functional managers’ decisions. And they are making sure that technological innovation gets funded and generates returns.

Learning from Ecosystem Pioneers

It’s easy to believe that the most successful companies of the last 20 years are the digital natives that have come out of Silicon Valley and other places with vibrant venture capital communities. While this certainly applies to firms like Amazon, Google, and Facebook, the born-digital companies are not the only success stories. As David Jordan writes in “Pivotal Lessons from the Best Digital Renovators,” a number of pre-Web era companies such as Best Buy, Walmart, Adobe, Intuit, and KLM have used digital technology to renovate their existing businesses, and with great results. Jordan shows what they have in common.
The Digital Metamorphosis of Three Industries: Life Insurance, Telecommunications, and Life Sciences

This is a series of short articles on three sectors that have seen substantial changes this century in age-old approaches to doing business.

The first article, by Suresh Muthuswami and S Rajesh, “A Digital Rebirth for Life Insurance, Annuities, and Pension Companies”, explains how the shift of back-office systems to new cloud-based digital platforms is transforming how insurance and other financial products are administered and customers are handled.

The next article, “The Rise of the Next-Generation Telco,” looks at the vast digital opportunities for phone companies around the world to become more than just the basic infrastructure that enables digital communication. Kamal Bhadada and Shanky Viswanathan lay out four ways telcos can play: smart connectivity provider, smart products and service provider, value aggregator, and value creator.

The third article in this series is about the life sciences industry—the pharmaceutical, biotech, medical device, and medical products companies the world relies on to improve human health. In “The Digital Revolution of Life Sciences Companies,” Debasish Ghosh and Sanjeev Sachdeva discuss how IoT and other technologies enable these companies to track the health of customers throughout their treatment, and what life sciences companies must do to play profitably in a new health ecosystem replete with digital companies and digitally savvy health providers.

In this edition’s final article, I argue that the most important characteristic of leadership teams today is mindset—specifically, the degree to which they allow the historical resource constraints of capital, talent, time, and market access to narrow their thinking about new business opportunities in a digital ecosystem world. I explain how leaders at Amazon, Delta Airlines, Facebook, and other companies didn’t allow those constraints to constrain their thinking about new businesses and new fixes to age-old operational problems. You can read about that in “Seeing Abundant Ecosystem Opportunities Amidst Scarce Resources.”