The Entrepreneur and the Cloud – Silicon Valley Rejuvenated, Singapore Coming of Age.

transforming the accelerating pace of change from a challenge to an opportunity

Overview – Topics

• Our current context and the big shift
• What it means for SV?
• Cloud Computing as an engine of innovation
• Reflections on Singapore’s Innovation Ecology

Really? How do these topics relate?
Is it any surprise many of our current models, forecasts, and assumptions anticipate a “return to normal” after the Great Recession ends?

Such cyclical thinking ignores the powerful forces of longer-term, secular change—forces that are increasingly undercutting widely held assumptions about the sources of economic value.

“Normal” may in fact be a thing of the past.

Trends set in motion decades ago are fundamentally altering the global landscape as a new digital infrastructure, built on the sustained exponential pace of performance improvements in computing, storage, and bandwidth, progressively transforms our business environment. This infrastructure consists of institutions, practices and protocols that together organize and deliver the increasing power of digital technology to business and society.
The return on assets (ROA) for U.S. firms has steadily fallen to almost one-quarter of 1965 levels.

Similarly, the ROA performance gap between corporate winners and losers has increased over time, with the “winners” barely maintaining previous performance levels while the losers experience rapid performance deterioration.
U.S. competitive intensity has more than doubled during that same time

Economy-wide Herfindahl-Hirschman Index (HHI) (1965-2008)

Source: Compustat, Deloitte analysis

(the lower the number the more competitive)

Average Lifetime of S&P 500 Companies
However, in those same 40 years, labor productivity has doubled – largely due to advances in technology and business innovation, coupled with open public policy and fierce competition.

The performance paradox: ROA has dropped in the face of increasing labor productivity.
But why is this happening??

20th Century Era Captured by Alfred Chandler
Push Economy

20th century infrastructure
roads/cars/trucks/trains/ships/airplanes

Standard S curve: stable over decades.
(Few real changes in 60+ years)

Scalable Efficiency becomes the goal.

• predictable
• hierarchy
• control
• organizational routines
• minimize variance
Organization Architectures leverage the properties of Infrastructure Architectures
stable transportation infrastructures => Chandlerian firms & focus on scalable efficiency

21st C infrastructure drive the exponential advances of computation/storage/bandwidth - causing major jumps/disruptions in infrastructural capabilities.

What does this say about institutional architectures that can leverage this acceleration?

<table>
<thead>
<tr>
<th>The Big Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable Environments</td>
</tr>
<tr>
<td>Knowledge Stocks</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
</tr>
<tr>
<td>Explicit Knowledge</td>
</tr>
<tr>
<td>Transactions</td>
</tr>
<tr>
<td>Zero Sum</td>
</tr>
<tr>
<td>Push Programs</td>
</tr>
<tr>
<td>Institutions driven by scalable efficiency</td>
</tr>
</tbody>
</table>

Key is how one participates in knowledge flows especially on edges (firm/industry/region/gen Y,..)
in a rapidly changing world
innovation and agility
must reign supreme

Ah, but then think
ecosystems & platforms!

Cloud Computing
as an innovation platform
And
helping us participate in many
Kinds of flows
Amazon’s Novel Innovation Model

2 pizza team rule and the platform

Amazon’s Cloud and web services (AWS) creates an ecosystem that enables startups to get going fast, CHEAP and scale quickly.

Cost:
cpu: HP tower 10 cents/hr
storage: 15 cents/gigabyte/month

And monitor your virtual stack by iPhone
Amazon’s Cloud and web services (AWS) creates an ecosystem that enables startups to get going fast and scale quickly.

Animoto startup – (personal MTVs) went viral one day on Facebook; scaled from 50 servers to 5000 servers in just about a day on the Amazon Cloud.

Examples of SaaS services built on AWS, Google AppEngine and Force.com

<table>
<thead>
<tr>
<th>Application Management</th>
<th>Business Infrastructure Services</th>
<th>Business Operations Services</th>
<th>Customer Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>App Development</td>
<td>Storage</td>
<td>Order /Payment Mgmt</td>
<td>Content Hosting/Delivery</td>
</tr>
<tr>
<td>cauchy</td>
<td>digitaria</td>
<td>Salesforce.com Extensions</td>
<td>eCommerce</td>
</tr>
<tr>
<td>CloudTest</td>
<td>melorialo</td>
<td>Other Business Apps</td>
<td>Other Commerce Apps</td>
</tr>
<tr>
<td>Sauce Labs</td>
<td>Snapfish</td>
<td>Telephony</td>
<td>Social Applications</td>
</tr>
<tr>
<td>Simplified</td>
<td>Shavoo</td>
<td>Hosted</td>
<td>PostRank</td>
</tr>
<tr>
<td>App Security</td>
<td>Other Commerce Apps</td>
<td>twilio</td>
<td>ShareThis</td>
</tr>
<tr>
<td>App Performance Monitoring</td>
<td>Termiantion</td>
<td></td>
<td>Other Commerce Apps</td>
</tr>
<tr>
<td>New Relic</td>
<td>Business Process Mgmt</td>
<td></td>
<td>Social Applications</td>
</tr>
</tbody>
</table>
Example of a service on AWS, drop.io, around which a cloud-based ecosystem has evolved

But now think about Li & Fung’s ecosystem with 12,000 ‘small’ partners needing co-ordination among them.

Cloud computing will create four waves of disruption

Disruption of other industries
Disintegration of vertical cloud computing stacks
Addressing unmet needs of business ecosystems
Service grids
Healthcare, financial services
The Start Up World
Interaction services
SaaS/PaaS/IaaS
In each wave –
silicon valley/west coast reigns supreme

But also SV reflects the power/agility of ecosystems that comprise many small talent driven, agile firms where the whole is more than the sum of the parts.

Such ecosystem supported by learning with & from each other (peer based learning) & enriched by cloud computing & social media should rule the day.

Singapore’s Interactive Digital Media Program

One of their three chosen domains for building their 21st century economy.

- Biotech
- Cleantech
- IDM
**i.ROCK: X-discipline research and international research centres**

USA

**Local R&D Network**

Asia

Europe

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**IDM in Education**

**Pedagogical Research & Experiments**

**Industry Partnerships**

**Transforming Learners**

**International Collaboration**

**Future Schools**
Thank You

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