



# Vodafone Trends Barometer 2018

4 key trends that will impact your business



# Understanding and harnessing change



**Iris Meijer**

Chief Marketing Officer, Enterprise, Vodafone

The World Economic Forum – the foundation that brings together the world’s leaders from business, politics and other areas of society - has noted that profound shifts are affecting all businesses, with continued disruption to the status quo.

I cannot agree more: driven by digital technology, customers’ needs and the environment in which businesses operate are changing faster than ever. Understanding and addressing these changes is essential for every business to ensure its success.

This is why Vodafone has published the Trends Barometer 2018: to reflect for our customers the latest trends that will affect them over the coming years regardless of their business type or location.

We firmly believe in understanding our customers’ needs, so we carry out regular primary research of businesses. In this Vodafone Trends Barometer 2018, our team of market insight professionals have uncovered and analysed four key trends emerging for modern businesses, combining Vodafone’s research with insight from industry analysts and political, business and economic thought leaders.

The Vodafone Trends Barometer 2018 recommends how to harness these impending changes to benefit your business. We invite you to consider how these trends impact your business model, and look forward to working with you as we plan for the exciting future ahead.



**We are witnessing profound shifts across all industries, marked by the emergence of new business models, the disruption of incumbents and the reshaping of production, consumption, transportation and delivery systems. On the societal front, a paradigm shift is underway in how we work and communicate, as well as how we express, inform and entertain ourselves.**

Klaus Schwab  
Executive Chair, World Economic Forum

**72% of businesses analyse longer term trends, but 29% don't have the information they need.**

Business Continuity Institute  
research findings



# Four key trends will change the business landscape



1

## New Global Landscape

Managing disruption and retaining trust in a rapidly changing world



2

## Re-thinking business models

Embracing innovation, knowledge and society goals



3

## Human and machine

Creating new relationships that increase productivity



4

## Digital workplace

Agility and empowerment for the modern business

### FOCUS

How macro factors shape the business environment

How businesses choose to operate

How technology enables business

How people participate in business



# Each trend will impact in different timescales

1



New Global Landscape

2



Re-thinking business models

3



Human and machine

4



Digital workplace

NOW

SHORT TERM FUTURE

MEDIUM TERM FUTURE





# New Global Landscape

Managing disruption and retaining  
trust in a rapidly changing world

# The global economy is being re-defined



**The forces of protectionism are raising their heads against globalisation. The solution to this worrisome situation is not isolation. The solution is in understanding and accepting change.**

Narendra Modi  
Prime Minister, India



# Division and disparity hinder progress



**The disenfranchised  
are becoming disenchanting**



**Economic, technological and societal  
division are triggering fragmentation  
and an increased risk that groups of  
citizens could be left behind**



**These rapid economic, political and  
societal changes are increasing  
uncertainty and risk for businesses**



**Inequality persists, and is increasing in many emerging and developed nations. As measured by the Gini coefficient of inequality, and recorded by the World Bank, figures for the USA remain stubbornly high at 41. The figure for China is 42.2 and in Brazil it is 51.3. A score of 0 represents perfect equality and 100 perfect inequality.**





# Trust is being eroded and chains of influence altered

## Trust is being eroded



### People are losing trust in leaders:

- Politicians
- Business leaders
- Subject matter experts (anti-expert phenomenon)



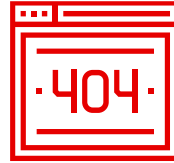
### Cybercrime

- Multiple threat actors
- Decreases trust in identity and online services and associated brands



### Fake News

- Wilful fake news creators decreases trust in information
- Satire muddies the truth
- Misinformation influences opinion



### Information Access

- Restriction of access to information in some countries decreases trust and influences opinion



59% of citizens globally report a loss of truth as a result of the media not fulfilling its responsibilities. 56% report a loss of trust in government leaders and 42% report a loss of trust in business as a result of the same.

Edelman Trust Barometer, 2018

41% of businesses are unsure who can help with cyber security challenges.

Vodafone research

**By 2022, most people in mature economies will consume more false information than true information.**

Gartner





# Customers are seeking to establish new trusted relationships



**...and businesses are working harder than ever to build, and re-build, customer trust**

- Adapting their communications with customers to use their target market's trusted digital and social media channels to effect and regain influence
- Focusing on improving cyber security and privacy;
- Focusing on objectives that deliver positive outcomes for society and create value for their brand



**69% of citizens globally believe that building trust in their company is the most important responsibility for CEOs**

Edelman Trust Barometer 2018

**89% of businesses around the world say that improving their information security would enhance customer loyalty and trust**

Vodafone research

**Video can be used to quickly build trust, authority and credibility**

Kim Walsh-Phillips  
Author and CEO, Elite Digital Group

**One of the most pressing challenges in our Digital Single Market project is to create an online environment that people can really trust. Business may now see [privacy] as a burden – but it is not; it is the basis for tomorrow's data-based business models... Trust is the basis of our online society.**

Andrus Ansip  
European Commission vice president for the Digital Single Market





**Likes, comments and shares on Jet Airways' Facebook posts have had a significant positive impact on the development of trust among the airline's customers, academic experts at the Jaypee Institute of Information Technology have found.**

**80% of Instagram's 500million+ accounts that are active daily follow a business. Nike has amassed 77million followers on Instagram, connecting with customers' lifestyle aspirations.**



# Businesses must redefine how they operate to succeed in this changing global landscape

- As the global economy evolves, enterprises must adapt and connect to the digital world. Businesses need to be ready to respond quickly to new circumstances. Speed will be critical as change becomes more frequent and has greater impact.
- To ensure their future success, businesses should continue working with customers, suppliers, partners and employees around the world
- Businesses must address customers through their chosen trusted communications channels. They must instil trust through privacy and strong cyber security for their digital platforms and channels.
- Building regional functional centres of expertise can improve organisational effectiveness in some larger businesses by bringing employees with similar skillsets closer together
- Businesses should consider focusing on social or other ethical goals that resonate with customers and further build trust





# Rethinking business models

Embracing innovation,  
knowledge and society goals

# Technology and social change are driving the creation of new business models

## Model 1



Transforming with  
digital technologies

## Model 2



Growing insight

## Model 3



Building platforms  
for communities

## Model 4



Focusing on  
societal objectives

**Some businesses are choosing to combine these business models and/or weave them into existing practices**



# Model 1: Transforming with digital technologies

Agile working and digital tools are helping businesses replace old systems and ways of working to better serve customers and increase sales

- **Digital businesses are:**
  - using subscription-based services when needed (rather than buying expensive capital assets outright)
  - using cloud computing and the internet of things to help them right size and respond quickly to increased customer demand
  - adopting agile working practices and a fail-fast culture
  - building automated self learning and optimising systems that can respond before a system fails
- **Businesses are launching digital initiatives** through the creation of dedicated digital business units, new investment funds (for larger businesses), and co-creation with customers.
- **Blockchain** is providing considerable potential for disrupting markets



Incremental change won't yield true digital business transformation. Enterprises must take more dramatic steps to break free from old business models and declining revenue sources. Most enterprises have experimented successfully with digital business. Now they need to scale it up to generate the material performance impact that investors and stakeholders expect.

Gartner



**81% of growth businesses  
say that digitalisation is  
highly important to them**

Vodafone research



The ability to scale our offering to meet evolving market conditions is of the utmost importance. Our clients frequently need to make changes... We need to respond to flux without delay.

Because we can get applications and tools to our clients whenever and wherever they need them, employees are better connected and more productive.

Terry McCann,  
CIO of fintech leader Bravura





# Model 2: Growing insight

Creating more tailored products and services for customers by understanding them better

- **Businesses around the world are using big data** to understand more about their business, the wider environment and their customers.
- **Data is found in internal and external sources** including social media, point of sale/customer transactions, other customer activity data and the internet of things.
- Insight into big data is enabling businesses to **make smarter decisions** and **create more personalised products and services** delivered at the right time: improving the customer experience, customer acquisition and retention.
- Cloud computing is enabling businesses to realise insights from big data faster



Every day 2.5quintillion ( $10^{18}$ ) bytes of data are created

IBM

Many companies are integrating IoT with wider digital initiatives: 49% of IoT adopters are using IoT and data analytics platforms to support decision-making, while 39% of businesses are using data-driven insights to shape their products or services

Vodafone research

Having these sensors – having these processes and systems feeding live data to inform our staff – transforms our whole clinical practice

Healthcare business, New Zealand  
responding to Vodafone research



# Model 3: Building platforms for communities

Growing communities grows the value chain, with little need for assets

- **The platform model is growing in popularity**, bringing buyers and sellers together based on a common interest
- Platforms reshape and grow the value chain: moving from linear to multi-dimensional
- Many platform companies do not need to own related assets eg Airbnb owns no accommodation and Uber owns no taxicabs
- Platforms can also **connect like-minded individuals** for mutual gain. These platforms enable the **fast creation of new ventures or projects** through quickly identifying skills, raising funds and building testing communities or new ecosystems. They inspire innovation.



Trust is fundamental for every current business and organisation. Some successful business models like those of Blablacar, Uber or Airbnb... are revolutionising people behaviours by switching the 'trust they used to have in institutions' to 'trust in people' thanks to the reputation systems that such platforms provide. The digital disruptions caused by these "new" brands have happened thanks to this cultural shift that technology has enabled

Digital Fridays

**37% of businesses have explored a platform or marketplace model**

Vodafone research



**385,000 projects have been  
launched on crowdfunding  
platform Kickstarter –  
\$3.46bn has been pledged**



Platform business models allow enterprises to set up powerful industry-focused, cloud-based ecosystems for value exchange and innovation among participants... they're now appearing across almost all industry verticals, including finance, healthcare, manufacturing, public sector, telecom, transportation and utilities. These models are fast becoming the dominant business model for companies with advanced digital transformation strategies.

Nicholas Evans  
digital business author



# Model 4: Focusing on societal objectives

## Buyers and employees demand that businesses reflect moral values

- Many businesses are **focusing on beneficial society or environmental goals** alongside commercial strategy that resonate ethically with their customers.
- **Increasing number of social enterprises** – whose mission is primarily for a societal benefit.
- **The establishment** of these goals **is being driven by customers:** they are choosing to spend their money on brands that resonate with their personal values.
- **Crowdfunding means** that many businesses are successful because **citizens believe in them.**



City Health Care Partnership - set up in the north of England to be a 'for better profit, socially motivated' company - invests in its communities and returns all its profit to its staff and the provision of new services for needy citizens.

The Coca-Cola Company has set itself four environmental goals that have positive outcomes for society. These cover: water efficiency, reduced energy use, more environmentally friendly packaging and sustainable sourcing of ingredients.

New York coffee shop company Coffeed puts charitable giving at the forefront of its business, donating up to 10% of its gross revenue to local causes helping disadvantaged children and adults with learning difficulties.



# New skills and culture are required to realise these benefits



- Businesses are focusing on hiring people with skills that enable digital transformation and agile working and related technologies including cloud computing, big data and the internet of things.
- Job titles and roles are changing fast and senior digital-only roles are being created. Competition for the top skills is intensifying
- Data-driven insight is creating a greater understanding of customer requirements
- Digital businesses are connecting their people, processes, technology and workspace, improving the way they work and becoming faster to market



In today's rapidly changing digital landscape, companies that understand their talent needs and how to meet them have a competitive edge... Given the rapid pace of change, companies will increasingly need to be able to engage with broader ecosystems encompassing a range of businesses and technologies as well as position themselves to take advantage of emerging artificial intelligence (AI) and the Internet of Things

McKinsey

**Companies that are left behind in the digital revolution will need to pay up to 20% above market rates to recruit employees with the desired digital skillsets. Digital laggards have just 19% of the talent they need, compared with 90% for digital leaders**

Industry analyst Forrester

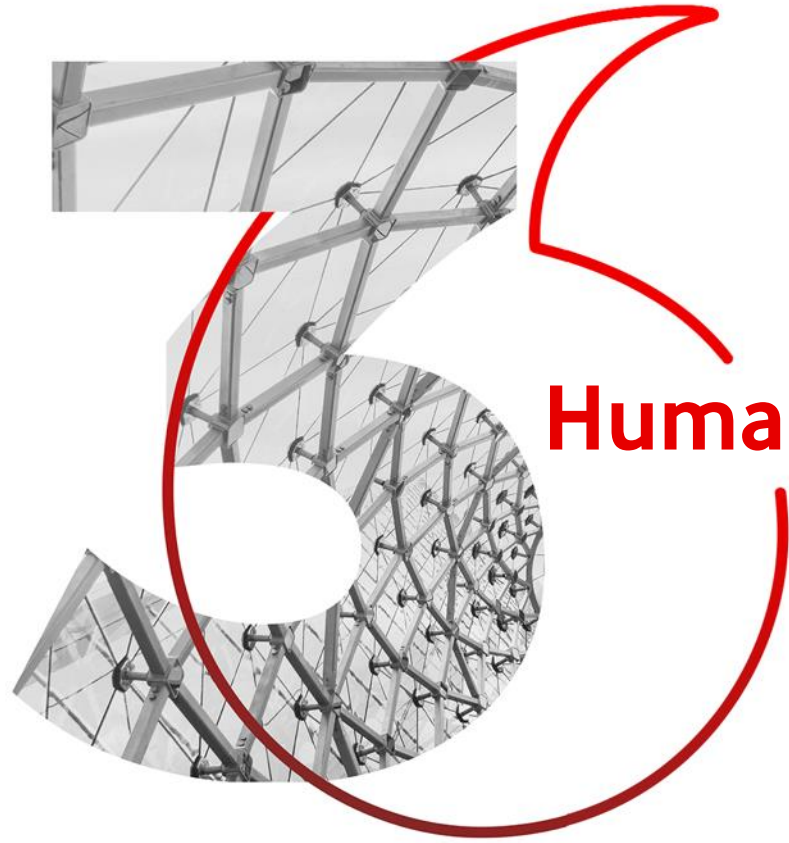


# Businesses must digitally transform to deliver their future operational models – optimising tools, skills and culture

- Businesses must focus on digital transformation - not iteration
- Businesses should appoint a leader responsible for digital delivery and innovation
- Businesses should evaluate how digital tools like cloud and the internet of things can drive this transformation and create new beneficial outcomes
- Businesses should examine new sources of customer insight that can inform strategy and help deliver new products and services for customers
- Businesses should consider whether buying services rather than physical assets, or partnering or developing a platform approach, can deliver new customer benefits and scale
- Businesses should consider adding social or ethical objectives that can increase customer trust
- Businesses must focus on recruiting the right digital skills and embedding a new digital culture across the organisation







# Human and machine

Creating new relationships  
that increase productivity



# Artificial intelligence is progressing rapidly



Rapid progress is being made in developing applications based on artificial intelligence



AI is enabling machines to assist humans, becoming more than just a dumb device



AI will support humans across their work and personal lives. In their personal life, AI can already interpret requests and suggest tasks, events to attend, content to view, and items to buy



**Gartner's 2018 CIO Agenda Survey shows that four per cent of CIOs have implemented AI, while a further 46 per cent have developed plans to do so**

Gartner

Source: Gartner Press Release, Gartner Says Nearly Half of CIOs Are Planning to Deploy Artificial Intelligence, February 2018.  
<https://www.gartner.com/newsroom/id/3856163>

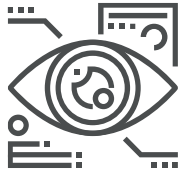




**At work, the combination of humans plus AI will create vast opportunities. The most successful companies are ensuring that artificial intelligence augments human skills.**



# Machines will assist humans to make them more effective



AI can scan and summarise corporate results, freeing up journalists for investigation



Augmented reality can provide visual aids that accelerate the completion of tasks



AI can identify suspicious behaviour and objects, enabling security personnel to respond quicker



AI can conduct basic legal tasks, freeing up lawyers for complex value-added work



Digital twins enable more effective diagnostics and prognostics, improving asset performance



AI can assist medical diagnoses through understanding big data: speeding patient treatment



**Benefits: Better decisions, more productive employees, better use of assets, new revenue opportunities, more personalised solutions**

**Digital transformation, on-demand services and the internet of things help businesses harness these benefits**



# Jobs will be redefined so new skills are essential

## AUTOMATABLE TASKS include



Vanilla journalism



Reviewing standard legal documents



Repeatable customer service tasks and enquiry resolution



Taxi cab and freight drivers



Travel agent/advisors



Data analysis



Selling simple products/services



## NEW ROLES may include



Advanced application coder



Robot builder



Artificial Intelligence ethicist/moralist



Artificial Intelligence legislator



Secure AI architect



Artificial Intelligence evangelist



Content bias verifier



Customer trust manager



Privacy infringement officer



Contextual experience designer

Some current roles, such as those that require varied thinking, and human-specific behaviour and perception, will continue to exist. These could include: people coach, mental health professionals, communications roles, business strategist, carers, plumbers and (potentially) artists and musicians.



# Interfaces with machines will evolve beyond keyboards



Personal digital assistants will become more able to support humans through a natural language interface.

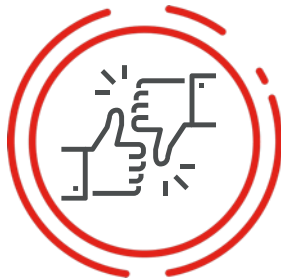
Google estimates that one-fifth of the searches on Android phones in the US are now by voice. Apple claims it has reached two billion Siri interactions per week.



# The increasing use of machines in everyday business will require the answering of new legal, regulatory and moral/ethical questions



Who owns artificial intelligence, and who collects the rewards?



Will AI increase (or decrease) social and/or economic inequality?



The nature of human control of machine-based systems, and how and when control is returned to humans.



How should government, businesses, consumers and citizens resolve questions on AI use that are yet to exist?



## **Businesses must monitor new use cases and evaluate how they can benefit from both human talent and machines**

- Businesses should consider how machines can empower their employees and increase productivity, building on the respective strengths to solve problems in new, intelligent ways.
- The rate of invention in AI is fast, with many new use cases emerging. Businesses should be cognisant of the rate of change and how machines are able to transform their businesses.
- Businesses should embrace digital tools to secure the benefits that the combination of humans and machines can bring.
- Businesses should be prepared to trial, and fail-fast.
- Businesses should evaluate which digital skills they will need in 2, 5 and 10 years and how they will recruit and train the people required.
- Businesses should be cognisant of the vast array of legal, regulatory, moral and ethical questions, and seek guidance and monitor change where it relates to their business activities.



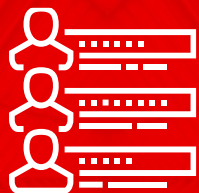




# Digital workplace

Agility and empowerment  
for the modern business

# Businesses are driving greater flexibility, productivity and agility



Businesses are hiring labour flexibly – employing workers with the right skills for the period they need them



Agile teams form, grow and shrink according to the needs of the business



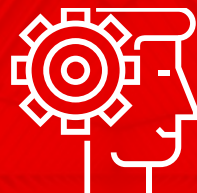
Increasing importance of recruiting and retaining digital skills



Command-and-control businesses hierarchies dissolve into horizontal structures



Breaking down of gender barriers. Businesses focus on diversity and inclusion



Greater productivity from the combination of humans and machines, as AI enables tasks to become automated

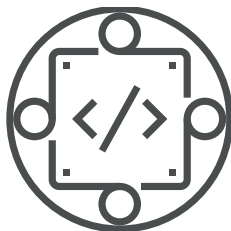


# Employees' working styles and motivations are evolving



## Workers expect empowerment. They:

- Are more choosy about their employment and its terms – demanding more flexibility in terms of when and where they work, how they manage their work and personal life and the technology they work with.
- Want to experience variety of role/experience, and not necessarily power/leadership
- Sometimes hold multiple jobs, forming the 'gig economy'
- Expect strong ethical values from their employer
- Bring greater volumes of their own personal tools and devices into work



## Digital natives enter the workforce, bringing a blend of working styles

- Digital natives expect to work with the latest technology
- Enjoy gamified challenges
- Enjoy micro-learning and multi-task among different media



We have to stop thinking about people working for companies and start making companies work for people.

Tim O'Reilly  
author

**Instead of traditional college degrees, ambitious wannabe employees create CVs of their own design with badges, hands-on learning and nano-degrees building their own version of talent. More and more workers patch together careers of their own making—job sharing, double gigs, freelancing.**

Forbes



# The workplace is becoming better connected



**The future digital workplace  
will be context-aware and will engage,  
inspire and empower employees.**



**Spaces will no longer simply house and support your activities  
– they will participate. The built environment will be a system of  
evolution and learning... enabled by the proliferation of sensors.**





**Businesses will digitally transform** their workplace around the intelligent use of people, processes, technology and space

**Technology understands context**, adapting to human behaviour

**People become better connected than ever**, forming **agile teams** that self-organise, and, **augmented by machines**, address business goals rapidly

**Bring-your-own device evolves:**

- Employees increasingly bring their own tools and devices into the workplace
- Many employees will carry personalised workspaces with them

IT policies support **any device anywhere any time** working

Individuals' digital life becomes **integrated across workplace, city and home**

Augmented, virtual and mixed reality **increase productivity**



# Flexibility, agility and employee empowerment is at the centre of new digital workplace tools

- Flexibility and agility will define the success of the future labour market. Therefore, businesses must factor agile working into their culture and ensure they have continual access to digital skills when they require them
- Businesses must build and maintain a diverse and inclusive workforce that empowers employees; this will increase productivity, improve decision-making and the retention of talent
- Businesses should evaluate digital intelligent tools and flexible workplace solutions based on unified communications, cloud, the internet of things and reliable secure connectivity, as essential tools that underpin the digital workplace
- Culture and employee buy-in is vital: businesses should seek employee feedback on current challenges and future plans and bring their employees on the journey to a digital workplace. Having a digital workplace is a powerful retention tool for staff and is essential to attract the next generation of talented digital natives.





# **Why Vodafone?**

## **Methodology, Resources**

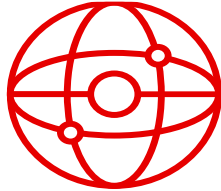
## **& Information**



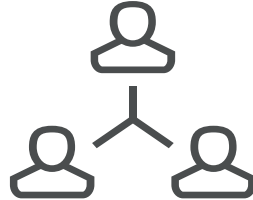
# Why Vodafone?



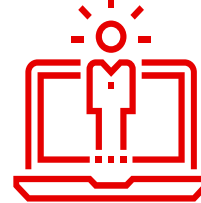
Vodafone's global network supports businesses wherever they operate, enabling businesses to intelligently and securely connect their places, people, information and things.



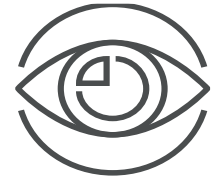
We help businesses of every size embrace positive change and realise new business outcomes through the application of digital communications technologies - today, tomorrow and into the future.



Our team will take you places. Together, we guide 70% of the Fortune 500 companies. We're not just dedicated to making technology work for your business, we're committed to helping you explore the digital market, identify opportunities, and then position your organisation for success.



Our leadership position in digital technologies (as recognised by both leading industry analysts and customers) means we hold a premier position from which we can help customers as technology and the world of work evolves. Our workplaces are digital, so our experience is hands-on.

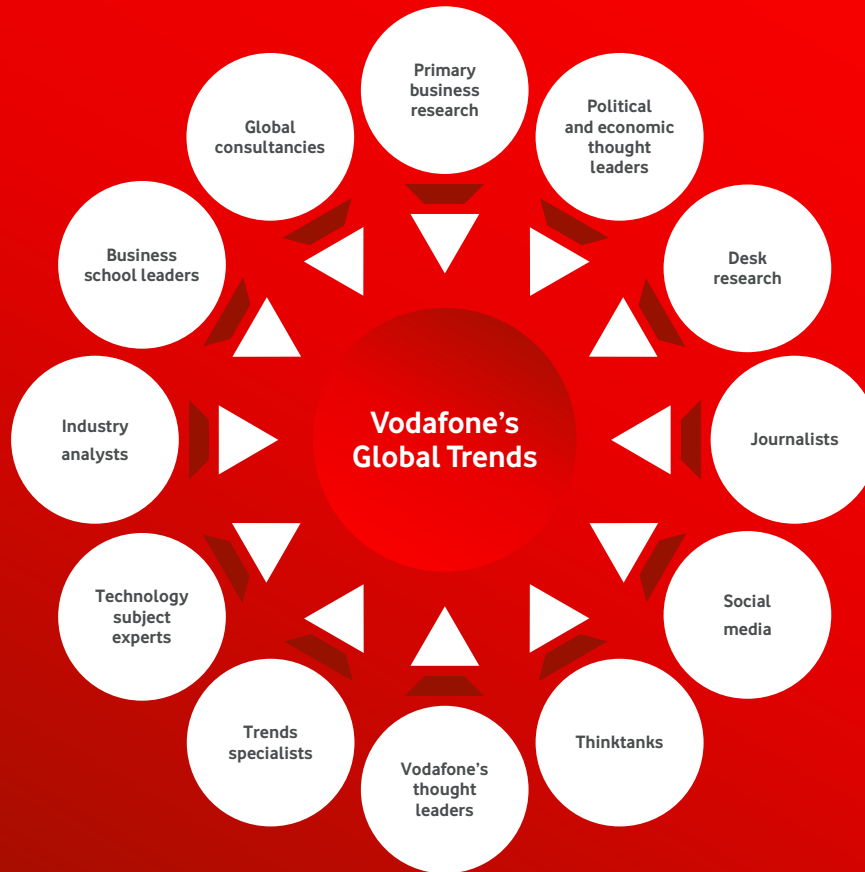


Vodafone is a thought leader on the future, meaning we are well-placed to help businesses prepare for change.

See the resources slide for a list of further reading.



# Vodafone's trends methodology



The Vodafone Trends Barometer is founded on industry-wide expert research and data. The trends are based on:

- Vodafone's extensive primary market research of business customers; and
- Thought leadership reports from industry analysts, global consultancies, vendors, business school leaders, thinktanks and more; and
- Interviews of Vodafone's own thought leaders, each of who carry decades of business experience

**Vodafone's market insight organisation analysed these many sources, drawing and extrapolating themes and business needs to produce the Vodafone Trends Barometer**



# Evolution of the Vodafone Trends Barometer



**New Global  
Landscape**



**Re-thinking  
business models**



**Human  
and machine**



**Digital  
workplace**

**Empowering  
the workforce**



**Smarter  
business**



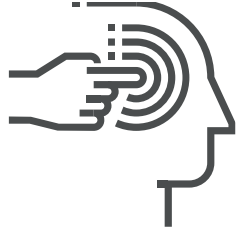
**Digitalisation  
& Disruption**



Vodafone published its Global Trends (reproduced in the bottom row) in 2017. The Vodafone Trends Barometer 2018 reflects the initial trends and mirrors the rapid changes facing businesses since then.



# Resources



Vodafone regularly publishes thought leadership on key issues that impact businesses of all sizes and sectors around the world

This includes:

- 1 [The Vodafone IoT Barometer](#)
- 2 [Cyber Security](#)
- 3 [Smarter Business](#)
- 4 [Gigabit Thinking blog](#)
- 5 [Digital customer service](#)



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