Digital Ecosystems and the Platform Economy: Highlights from the BearingPoint Global DEM Client Summit

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By: Michael Versace, Andy Hicks

IDC's Quick Take

As digital transformation (DX) progresses, it increasingly takes place in ecosystems that encompass partners and networks and allow for autonomous innovation. Building and managing these ecosystems requires nimble IT, substantial organizational and business process change supported by new technical architectures, and a reconfiguration of business models. At BearingPoint, digital ecosystems have become the center of the firm's own digital strategy and transformation. Digital Ecosystem Management (DEM) is a unique and emerging BearingPoint offering established to guide, plan, and design new business services offerings for the "platform economy," recognizing the importance of network effects in future business models built on ecosystems of partners and networks and operationalized on an orchestration and business support platform. Taken together, business strategy consulting and the Infonova R6 platform represent the center of gravity of BearingPoint's strategy to deliver platform economy opportunities to clients worldwide.

Event Highlights

BearingPoint hosted the first ever Digital Ecosystem Management Global Summit, held on September 27 and 28 in London, United Kingdom. The event featured the latest analysis and best practice case studies from the BearingPoint Institute; leading academic scholars, analysts, and industry leaders; and road maps on how to design, construct, and orchestrate ecosystems of digital services. The event showcased a set of IoT, Infonova R6, and Hypercube innovations through a series of interactive, pan-industry discussions with peers on practical issues and actions. The event also formalized closer integration between BearingPoint and its Infonova subsidiary, which developed the R6 platform that underlies many of the DEM benefits.

IDC's Point of View

Almost 10 years ago, IDC signaled the advent of 3rd Platform IT — built on the technology pillars of mobile computing, cloud services, big data and analytics, and social networking — as the foundation for digital business and the IT industry's future innovation and growth. Over the past decade, the rapid adoption of 3rd Platform technologies and growing list of innovation accelerators including AI, IoT, and robotics has moved into a full-blown adoption stage with an explosion of transformative services and business models built on the 3rd Platform's foundation. IDC believes that adoption of this foundation will accelerate over the next three to five years as enterprises commit to digital transformation on a massive scale, fueling the growth of a broader platform economy.

Among other things, 3rd Platform IT is the foundation for new and converged services that can incorporate a variety of specializations and business models. Even the largest company would not attempt to create all of these services in-house but instead would likely establish an ecosystem that brings together customers and markets, end users, product and service catalogs, and developers into a

collective set of orchestrated service offerings. Enterprises will most likely participate in multiple ecosystems, by leading some and playing more peripheral roles in others. To take one example, BT (British Telecom), a company with its roots in traditional telecommunications services, now offers a "cloud of clouds" services ecosystem, providing messaging, collaboration, and voice for trading and compliance applications as a set of enterprise services while providing wholesale inputs to another ecosystem via APIs. As the number of services increases and product life spans shrink, the service life cycles will become increasingly automated to enable faster creation and teardown of services. All of these requirements necessitate a unified platform approach.

DEM Strategy at BearingPoint

DEM at BearingPoint is inspired by two primary phenomena. The first is exemplified by the common elements of the business models of today's platform economy leaders, including Airbnb, Amazon, Apple, Kuerig, and Google. These business models are enabled through digital platforms that manage and monetize a healthy ecosystem of consumers, producers, and innovators that incorporate resources of others to increase demand for their own core products and services, ideally enabling ecosystem participants to create value independently of the company that built it. These are the network effects that BearingPoint believes occur when three primary conditions and activities exist:

- Open infrastructure — enabling participants to plug and play with unique services
- Orchestration — intelligent ways of curating services in real time to deliver the next "digital experience"
- Data — obsessively collecting data to optimize experience and operations.

The second phenomenon is the adoption of IoT and AI technologies. IoT and AI provide the opportunity for organizations to transform their business and fundamentally disrupt their industries. In fact, IDC predicts that, by 2020, all industries will have significant IoT initiatives. Today, over 50% of IoT activity is in manufacturing, transportation, the public sector, and consumer applications. In addition, IDC leading indicators confirm that the highest interest in services is coming from those initiatives that are enabled by or incorporate IoT, cognitive computing, and next-generation security.

Building Platform Companies at BearingPoint

At the DEM Summit, BearingPoint executives and clients from BT, Nokia, GE Digital, Telefónica, and others articulated a clear vision on the impact of digital trends on business today, with the focus on slow-growth challenges across the EMEA region and other parts of the world. BearingPoint's Angus Ward and Simon Torrance made strong arguments for thinking differently about how to grow in this economic environment, using the rails of an IoT-enabled world. R6, the DEM platform developed by BearingPoint's Infonova arm, has its foundation in telecoms billing support systems – ensuring stability and support for high transaction volumes — and is now positioned to support adjacent industries as well. Its differentiator is its handling of multitenancy, which enables each participant in the system to spawn and manage multiple child instances of the platform to accommodate partners and new business combinations. Among the companies using R6 to orchestrate the complexity of services ecosystems are Liberty Global and Dimension Data.

However, platform businesses require more than the platform itself. Building and operating the platform requires business process automation to administer the platform and extensive systems integration. Helping clients with business modeling, process redesign, organizational alignment, and

other enablers of agility and innovation requires extensive business strategy and consulting services. BearingPoint aims not only to become the preferred services firm for R6 implementations of DEM but also to meld the platform business and the services business into a higher-value DEM business. That strategy has made communications, entertainment, and media — Infonova's original market — the fastest growing division of the company.

Setting its sights on the insurance, banking, automotive, and Smart Cities industries, BearingPoint and Infonova are staking their claim to the DEM market. With this and dedication to delivery, IDC believes BearingPoint has established the strategy and technical components of a solution that could define ecosystem platform and consulting as a unique market opportunity for the firm in the coming years.

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