



2006 Trends by Mitchell Levy

Predictions for 2006: You should be acting on at least 3 of these trends

NOTE: This article has been adapted from the book "Happy About Knowing What to Expect in 2006" (<http://happyabout.info/economy.php>)

In looking at the 2006 trends, I can make the following observations. Although we've seen some of these trends over the last eight years, trends #1 and #2 are surfacing for the first time. Reviewing the trends I've predicted since 1988 will allow you to see the preliminary focus and buildup of the trends seen this year. (NOTE: You can review all trends predicted since 1998 at the online listing of the table of contents: <http://happyabout.info/bookinfo/2006economy-toc.php>). The three major hurricanes in the United States and the continued expansion of the middle classes in China and India will put a strain on energy availability, which will have ripple effects around the world. We will see some very interesting Internet-enabled devices which will dramatically alter the way the population interacts and behaves on a daily basis. This change will force corporations to modify the way it sells and services its current and future customer base.

Almost all of the 10 trends this year relate to one catalyst: the Internet. As we continue to move into the 21st century, the democratization effects of the Internet will continue to dramatically change the world. Times of shifting power structures present opportunities. Keep your eyes open and you might be one of the next big winners. Best of luck using these trends to your advantage. Here are the trends at a glance:

- 1. Energy issues take a front burner on the world stage.**
- 2. The Internet's democratization effect expands to traditional media.**
- 3. Marketing expenditures and activities continue to shift to the Internet.**
- 4. China's continued growth significantly affects world commerce.**
- 5. Outsourcing continues to expand to other sectors of the economy.**
- 6. Services continue to play a bigger role in Western economies.**
- 7. Usage and proliferation of mobile commerce expands.**
- 8. Adoption of VOIP continues.**
- 9. Employer/employee relationships strengthen for the first time in years.**
- 10. Security and privacy issues raise their heads again.**



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Predictability in Previous Years

Since 1998, I've been predicting trends for the upcoming year. The predictions for a future year are typically made in October or November of the preceding year. At the end of the following year, we look at the previous predictions to determine whether they came to fruition. Here is how they have fared over the last eight years. If you'll remember, most businesses were overly optimistic toward the end of 2001 that the recover would come quicker than it did, that's why the 2002 predictions were so far off.

- 2005: 85% accurate
- 2004: 80% accurate
- 2003: 75% accurate
- 2002: 40% accurate
- 2001: 95% accurate
- 2000: 70% accurate
- 1999: 70% accurate
- 1998: 65% accurate

2006 Predictions

The best way to present trends is through a series of thoughts from others. The following ten trends list the trend and then incorporates supporting comments from industry. Not all contributors from the book are included here, but enough to give you a flavor for the trend. Many more interesting predictions are included in the book.

TREND #1: Energy issues take a front burner on the world stage

"Oil prices will top \$100 / barrel and average over \$80 / barrel and Oil prices will drive at least one country to effectively declare bankruptcy and call in the World Bank / IMF"

Rohit Talwar, CEO, Fast Future

"Investment in alternative energy sources and services will skyrocket. Publicly traded companies in the sector will see significant bump-ups in valuation."

Peter Ostrow, President & CEO, Technical Communities/TestMart

Trend 1 implications for you:

1. Alternative energy will be one of the next 'big things
2. Monitor your energy consumption
3. Consider a hybrid for your next automobile
4. Keep you eyes open for a potential 2007 recession



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TREND #2: The Internet's democratization effect expands to traditional media

"We the public can all become journalists and will have in our pockets the capacity to contribute content into mainstream media, we will be able to submit our media content to news channels: news media houses will encourage submission of public generated content particularly video generated by mobile phones."

Karl Shaikh, Co-founder, Virtual Directors, London, England

"Blogs, podcasts, and videoblogs are not a fad. They're here to stay. With the continued democratization of traditional media, new high-end but user-friendly tools will continue to be built. As a result, younger and younger users will create increasingly more complex content with higher production value. Heck, who doesn't know a 4th grader whose made a movie?"

Karen Howe, VP, AOL

"...Businesses who want to be recognized, who want to be heard, will have to begin to rely on Social Media methodologies."

Ann Revell-Pechar, President, Revell-Pechar, Inc.

Trend 2 implications for you:

1. If you are not personally or professionally using this technology, you're behind the times
2. There will be a redefinition of traditional deliverables
 - a. Video IPOD with movies
 - b. Happy About with books
3. There'll be a rapid increase in available content
4. Watch high school and college kids for the trends of the future
 - a. Build tools to support what you see

TREND #3: Marketing expenditures and activities continue to shift to the Internet

"2006 will be the first year that major marketers will truly consider Internet advertising part of the media plan. The shift of media consumption away from newspapers, TV and radio to the Internet is irrefutable. This shift will spur significant M&A activity."

Kevin Lee, Executive Chairman, Didit.com LLC

"Search Engine Marketing (SEM) continues its scorching pace in 2006 as marketers push more and more of their ad dollars online. Religiously reading Search Engine Watch (<http://searchenginewatch.com/>) and ClickZ (<http://www.clickz.com/>) will remain the best strategy for keeping pace as Google and the rest of the search universe evolve at breakneck speed. Regarding search, the WSJ recently noted that, "The best way to find new customers is to make sure they find you". Hard to argue with that bit of logic given that "search is the door to the store".

Stewart Quealy, Sr. Conference Program Director, Incisive Media

Trend 3 implications for you:

1. Every business needs to take advantage of the Trend#02
2. Put blogs on your site, incorporate employee and customer content
3. Buy Google and Yahoo! Overture Keywords
4. Make your site interactive, not just brochureware



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TREND#4: China's continued growth significantly affects world commerce

"At least five Chinese corporations will list on international markets. China's growth rate will defy all the analyst's predictions and top 10% and at least 2 fortune 500 companies will receive takeover bids from Chinese corporations."

Rohit Talwar, CEO, Fast Future

"In 2003, I predicted the tremendous opportunities in China and in the e-business arena. Expect this trend to continue, with 115 million Internet users in 2005, 180 million in 2007, and more than 210 million in 2008 making it the largest center for Internet usage in the world. However, with market Internet penetration still under 20%, this also represents a long-term growth market; with usage now exceeding 50% in key cities as an indicator of things to come."

Stephen Ibaraki, Chairman / Board Director, iGEN.ca / CIPS / NPA / ChinaValue.NET

Trend 4 implications for you:

1. In the 80's, there was hints of Japan taking over the business world which didn't materialize. From here on in, the hints of China taking over the business world will turn to reality.
 - a. Do you speak Mandarin ;)
 - b. This is a market you should play in, there's almost unlimited potential
 - c. For software vendors, think service and support with an ASP model vs. software sales

TREND #5: Outsourcing continues to expand to other sectors of the economy

"Globalization in product development. More companies will have distributed development taking advantage of the global talents and cost structures."

"AGK" Karunakaran, President, GDA Technologies Inc.

"The advent of virtual teams, with members from widely different geographic locations, cultures and time zones will spark new initiatives in how to get maximum productivity and performance from such groups. The solutions will include innovative uses of communications technology along with some insights from the behavioral sciences about ways to make these teams effective."

John Zenger, CEO, Zenger|Folkman

"Countries as Brands. In 2006 countries will start overtly branding themselves to increase export visibility. Made in Luxembourg? You bet. We've seen it with wine brand Australia takes over as the number one imported wine in the UK. Yellow Tail has Beringer Blass, Robert Mondavi and others in a catch up position."

Andrew Greenberg, CEO, Greenberg Brand Strategy

Trend 5 implications for you:

1. Increase training on project management for virtual teams
2. Strengthen offshored/outsourced resources as part of the development and QA cycles
3. Monitor your development facilities in tax-friendly countries
4. Given Trend #4, incorporate China into the Offshoring strategy



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TREND #6: Services continue to play a bigger role in Western economies

"Amazing acceleration of the economy of services (IBM as a company has more than 50% of its revenue from services - in '93/'94 IBM was a computer company, about 2 years ago things accelerated - buying PWC, letting go of the PC division made it happen overnight). For next year, we will see an acceleration of the knowledge workers working in a services economy, where the competitive edge is given by innovation. Expect the services component of US GDP grow from 72% to 80%."

Jean Paul Jacob, IBM Researcher, Emeritus

Trend 6 implications for you:

1. Hardware is not the only way to go, you need to deliver services
2. Software as a service is a trend to jump on
3. Ensure that you're incorporated recurring revenue streams into your business models
4. Incorporate SLAs into your service delivery
5. Get credentialed in your discipline
6. Say what you'll do and do what you say!

TREND #7: Usage and proliferation of mobile commerce expands

"New mobile browsers such as Bitstream Thunderhawk and Opera Mini will drive the popularity of mobile Web. This in turn will drive the development of new mobile applications and devices."

Thomas Wong, CEO, Koyale LLC

"This year we will see more products (Cellphones, Smart phones etc.) based on Wi-Fi standards. I would expect an iPod with wi-fi capabilities to download directly!! Also Wi-MAX technology which extends the range of Wi-Fi will be more popular. My guess is that a couple of local network providers will offer this service by the end of 2006."

Vamsee Tirukkala, Co-founder and EVP, Zinnov

Trend 7 implications for you:

1. Plan for and work around:
 - a. the mobile office
 - b. the mobile life

TREND#08: Adoption of VOIP continues

"Unified telecommunication systems that utilize VOIP, SMS, email, fax, data, and Internet will become business friendly and attractive to use."

Thomas Wong, CEO, Koyale LLC

"The VoIP explosion is in full swing in Europe but increasing volumes together with increased competition and lower prices and margins at wholesale level will force a re think in Market strategy. Many second level VoIP wholesale operators who previously were acting as bridging gateways between larger Telcos will need to extend their reach into retail market opportunities in order to average margins and consolidate their business. This will be essential to avoid their VoIP business becoming a very volatile commodity trading activity with very high volume fluctuations."

Tony Di Franco, CEO, Mail2Net



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Trend 8 implications for you:

1. Build products for a unified telecommunication systems
2. Incorporate unified telecom products into your products and services
3. Use VOIP internally to significantly lower cost

TREND #9: Employer/employee relationships strengthen for the first time in years

"Talent management and retention will become important again."

Prasad Kaipa, Ph. D., CEO Advisor and Coach, The Kaipa Group

"Going to be a real strong push to bring things back into this country to help within. To build within. As such, labor is going to rethink its positions. In short, that jobs will be more important than increased pay (greater cooperation between labor and management)."

Diana Hoffman, Former-CEO, Environsystems

Trend 9 implications for you:

1. Any job is better than one with higher pay that you don't have
2. Get credentialed and disciplined showing your effectiveness within your company
3. HR roles will take on new importance throughout the enterprise

TREND #10: Security and privacy issues raise their heads again

"Crime on the Internet will be more rampant than ever. Why? Sutton's law. Willy Sutton the bank robber said he robbed banks because, "That's where the money is." As the value of commerce online grows, in all forms, crime will follow. This has nothing to do with technology. It is likely a safer environment than walking around with a bunch of cash."

Dave Anderson, CEO, Sendmail

"Security is going to continue to be at the top of the list for cost for both individuals and companies. Better approaches are being discovered everyday."

Jim (J.C.) Carlton, Retired, President and CEO

Trend 10 implications for you:

1. Phishing and identity these has only just started, be ready for more bad stuff to come
2. There is still a tremendous opportunity for security and privacy firms



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BONUS TRENDS: Other Interesting Predictions that I Thought I'd Share

"On Jan 1, 2006, the first Baby Boomer turns 60. The richest, best-educated, most spoiled generation in history -- 76 million strong -- has money, power and high expectations. They want to live well and live forever, and they will transform our 20th Century healthcare system with their demands. (See <http://healthcareNBIC.org>)"

Jack Powers, Director, International Informatics Institute

"2006 will mark the rise of the 'brave' brand. Brands have been hammered by their lack of response to natural disasters Walmart after Katrina, for example. More and more brands will begin to acknowledge the importance of good will and corporate citizenship. In the wake of Enron consumers want (and will get) their share of brands that respond responsibly."

Andrew Greenberg, CEO, Greenberg Brand Strategy

A number of these trends can't be ignored. I'm absolutely sure that those reading this article are spending time and energy either reacting to or driving three or more of these trends. If not, you certainly know the action items I'd prescribe. Best of luck!

BIO:

Mitchell Levy is Executive Editor and CEO of Happy About which writes and publishes books for corporations. Contact him if there's a book inside your company that needs to be released. He is also a partner in CEOnetworking, the Director of the Silicon Valley Executive Business Program and a Board member at Rainmaker Systems (NASDAQ: RMKR). He's authored a number of books including "Happy About Knowing What to Expect in 2006" (<http://happyabout.info/economy.php>). He can be reached at mitchell.levy@happyabout.info