

# Intuit 2020 Report

## TWENTY TRENDS THAT WILL SHAPE THE NEXT DECADE

### The Intuit 2020 Report

#### ABOUT THIS SERIES

With a new decade upon us, a range of demographic, economic, social and technology shifts are changing the way we live and operate around the world. The Intuit 2020 report

looks at the significant trends and forces affecting consumers and small businesses, and those who serve them, over the next decade.

The research was led by Emergent Research in close partnership with Intuit. It builds on more than five years of research led by the Institute for the Future and Emergent Research released in the Intuit Future of Small Business Report Series.

The Intuit 2020 Report is the first in a series. Subsequent reports will focus on specific trends as well as cross-sections of what trends mean for a given market or industry. The reports and related research materials are available at [www.intuit.com/2020](http://www.intuit.com/2020).

### IMAGINE A WORLD WHERE...

*Companies motivate and manage employees who never set foot in their corporate office.*

*Opportunities abound for small businesses, when spending on health and wellness becomes our single largest consumer expenditure.*

*Manufacturers produce goods sustainably because it makes economic sense.*

We see glimpses of that tomorrow today. 2010 has ushered in a new decade, a new economy and a new ecosystem for small businesses and their customers. Effects of the Great Recession will continue to reverberate globally, with slower growth, less credit and greater uncertainty churning the marketplace. Yet, in spite of this turbulence, a new economy will grow, one that holds promise for businesses large and small, and consumers around the world.

The next decade will bring an abundance of increasingly accessible – and cheap – information and computing power. As technology prices fall, highly sophisticated mobile technologies will become pervasive. Smartphones and other mobile devices will emerge as the new standard for everyday computing, often replacing or completely bypassing desktop and laptop computing. From downtown Manhattan to rural Africa, consumers and businesses will adopt these devices, connecting global markets and enabling economic growth in ways that were never before possible.

As new economies grow, economic and political clout will shift around the world. Asia, in particular, will emerge as a significant player in the world economy, both as a producer and, more importantly, as a market of new consumers. More than 1 billion new middle-class consumers will enter the marketplace over the next decade, most of them from Asia.

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Increased demand will put price pressure on natural resources. And with volatility in resource markets, sustainability will arrive as a new business model to reduce risk, improve competitiveness and address growing concerns for the environment. Small businesses will experiment with sustainability and often lead with innovative practices that become honed and adopted by larger firms.

As markets become more interconnected, small businesses will find new opportunities in specialized product and service niches that satisfy increasingly customized demands from their customers. With continued credit shortages, enhanced “cloud” services, a broader contingent workforce and greater options for plug-and-play manufacturing, small businesses will rely on variable cost business models to adapt, respond and adjust to the ever-changing marketplace.

In this changing ecosystem, collaborative partnerships between big and small firms will be on the rise. Small firms will contribute innovative practices with market agility and customer knowledge that big firms can't easily achieve. Big firms will offer small businesses marketing and distribution power, enabling them to penetrate broader markets more effectively. Small businesses will proliferate in response to increasing niche market opportunities. Large firms will consolidate and get even bigger to compete more effectively in the global economy. The Web and mobile technologies will become the great equalizer of big and small, with customers no longer knowing – or even caring – about the size of the firm that provides their goods and services.

Underlying and enabling all these trends are technology developments that will be increasingly complex, yet more intuitive and almost invisible in their use. In a major shift from previous decades, we'll set expectations on how technology improves the way we live, work and operate our businesses, not on what technology is or how it works.

The coming decade will be complex, volatile and uncertain, but it will also provide many new opportunities for small businesses and their customers in the United States and abroad.

Below we identify 20 demographic, social, economic and technology trends that will shape the next decade.



## A BRIEF LOOK AT...

# TWENTY TRENDS THAT WILL SHAPE THE NEXT DECADE

## I. DEMOGRAPHIC TRENDS

Age, culture and gender will blur the lines of influence over the next decade, changing the face of small business and consumers across global markets.

### 1. [Digitally Savvy Kids Grow Up and Change Everything](#)

Gen Y will mature, continuing to be quick adopters of new technology, with a focus on careers, families, home ownership and high-tech living. Gen Z will enter their teen years, natively fluent in both mobile and social platforms, as the global grid is their toy, their inspiration and their education.

### 2. [Baby Boomers Gray, but They Don't Slow Down](#)

Baby boomers will dominate the graying population of the industrialized world. But 2020 will see a new breed of senior citizens with "unretirement" and active engagement best describing their lifestyle choices as they continue to work in their current professions or even opt to start new careers.

### 3. [It's a She-economy](#)

Women, especially those in emerging markets, will be a dominant force in the global market – taking increased leadership responsibilities across business, government and education. According to analysis by Booz & Company, 870 million global women who have not previously participated in the mainstream economy will gain employment or start their own businesses.

### 4. [Cultural Fusion Brings Global Tastes to Local Markets](#)

The adoption and adaptation of global traditions into local habits will emerge as a growing trend due to the widespread use of the Web. Exposure to different cultures and practices through the Web's global grid will become the norm as consumers and businesses worldwide view, share, tweak and adopt products and practices.

### 5. [Economic Opportunities Fuel Urban Living](#)

Driven by economic opportunity, the shift from rural to urban will continue, with about 60 percent of the global population living in cities and suburbs by 2020. More than 50 cities worldwide will boast more than 5 million inhabitants, with more than 20 megacities teeming with more than 10 million residents.

## II. SOCIAL TRENDS

Communities will be transformed, driven by social and mobile technologies, changing the ways that people work and behave.

### **6. Social Networks Fuel the Participatory Economy**

Grassroots movements will be the norm, replacing traditional institutions as drivers for change in government and the economy. Web and mobile platforms will encourage more people to use forums and build communities and other relationships to make informed social, economic and political decisions.

### **7. Localism Creates a New Way of Life**

Work-life balance will no longer be a myth, but a reality as people invest in the places they live to make them better, forging new communities. This weave of community fabric will see people re-establishing stronger ties with family, friends and community spawning local economic development in new dynamic ways.

### **8. Individuals Shoulder the Risk Burden**

Driven by economic changes and needs, individuals will be increasingly accountable for making their own insurance and retirement decisions, where institutions have previously been involved. Likewise, governments will begin reducing social support systems, driving the need for individual risk management.

### **9. Customers Control the Relationship**

The balance of power will shift from the business to the marketplace as customers grow more informed about products and services. With this shift from “push” to “pull” marketing, companies won’t find their customers, their customers will find them.

## III. ECONOMIC TRENDS

Post recession, the economy will adjust for both abundance and scarcity, forcing businesses and consumers to adapt to new markets and business models in a way never before seen.

### **10. Industrializing Countries Emerge as the New Engine for Global Growth**

More than 1 billion new middle-class consumers will fuel global consumer spending, driven by the developing world. Successful businesses will have to adjust their products and services to meet the needs of these new global, middle-class consumers.

### **11. You No Longer Need Cash to Start a Business**

Starting a small business will be easier – and more affordable than ever. The cost of starting and running a small or personal business will continue to decline as smaller, lighter and smarter systems, components and manufacturing methods emerge.

### **12. Sustainability Becomes a Competitive Requirement**

Sustainability will move from social novelty to business necessity. The return of economic growth will renew pressure on resource supplies and prices, with regulation, taxes and other efforts to reduce carbon footprints adding to these pressures.

### **13. Health and Wellness Spending Soar**

Health and wellness will become the world's largest industry, accounting for global consumers' single-largest expenditure. Multiple factors will drive the trend including rising costs as a result of aging, health-intensive populations; increasing pollution problems worldwide; rising levels of chronic diseases among the young; expanding use of expensive, high-tech health equipment, services and pharmaceuticals; and a growing consumer focus on wellness.

### **14. Work Shifts from Full-time to Free Agent Employment**

Traditional employment will no longer be the norm, replaced by contingent workers such as freelancers and part-time workers. The long-term trend of hiring contingent workers will continue to accelerate with more than 80 percent of large corporations planning to substantially increase their use of a flexible workforce.

### **15. Niche Markets Flourish in the New Economy**

Consumers will demand unique, niche products and services and businesses will have the means to deliver them driven in part by the vast reach of the Internet and low cost tools and materials. Availability of niche products will be accessible anytime, anywhere due to the expansive reach of the Internet and social media.

#### **16. Small Businesses and Global Giants Form a Barbell Economy**

Small businesses will grow in importance and flourish due to both their agility and demand for niche products and services. The global economy will see the diminished presence of mid-sized businesses as they are acquired and consolidated into large corporations.

### **IV. TECHNOLOGY TRENDS: THE UBIQUITY OF TECHNOLOGY**

Technology, combined with advanced analytical tools, large data sets and social and mobile computing platforms, will be further ubiquitous and reshape industries, businesses and consumers' lives.

#### **17. Working in the Cloud**

The brick-and-mortar office will be a thing of the past, as the where and how people work and do business will change due to emerging Internet cloud and mobile technologies. Working in the cloud will increasingly shift work lives away from corporate offices altogether and toward an in-my-own-place, on-my-own-time work regimen.

#### **18. Data is Critical for Competitive Advantage**

Data overload will no longer be a burden, but an advantage for individuals and companies with the skills to provide compelling analysis to consumers. Those who become proficient in the collection, management and analysis of digital data will gain competitive advantage, leaving others behind.

#### **19. Social and Mobile Computing Connect and Change the World**

The use of social and mobile networks and technologies will possess greater utility, including collaborative technologies. Business will be redefined in how they create value and compete and will help consumers and businesses to anticipate and guide decision making and risk management.

#### **20. Smart Machines Get Smarter**

The hardware and software technologies we use on a daily basis will get smarter, helping people make everyday decisions and streamline complex tasks. Intelligent devices will be engrained in consumers' lives along with businesses, changing the way we live and work.



## I. DEMOGRAPHIC TRENDS: THE FACE OF SMALL BUSINESS AND CONSUMERS CONTINUES TO CHANGE

The coming decade will bring a set of demographic shifts in the marketplace: Developed economies will age, while developing economies will grow statistically younger due to higher birthrates. Race and culture lines will blur, yet consumers' multicultural tastes will peak. For the first time, more people will live in cities and their surrounding suburbs than in rural locations throughout the world. The digital generation will turn 40, aging baby boomers won't retire and a new Generation Z – the mobile generation – will hit their textbooks online.

With these demographic changes, the face of small business will shift as well, affecting both small businesses and consumers over the next decade.

### 1. Digitally Savvy Kids Grow Up and Change Everything

*Imagine a world where Gen Y dominates the workplace and home ownership, implementing an “on-my-own-time” ethos as both a management strategy and a lifestyle.*

The Digital Generation – also known as Gen Y, or the Millennials (born between 1980 and 2000) – will grow up, with the oldest turning 40 in 2020. Their digital orientation will make them quick adopters of new technology, with a focus on careers, families, home ownership and high-tech living.

Gen Z – also known as Gen I, or the Internet Generation (born after 2000) – will enter their teen years, natively fluent in both mobile and social platforms. They'll expect global reach with local ease, and establish global friendships through virtual and cloud-connected affiliations. The global grid will be their toy, their inspiration and their education.

Like their counterparts in the U.S., Gen Y and Z around the world will be more socially and globally connected through mobile Internet devices than any prior generation.

#### OVER THE NEXT DECADE:

- Gen Y will graduate college and build careers. With a continued commitment to work-life balance, Gen Y will continue focusing less on physically spending time at a job site and more on getting the job done. Connecting through the cloud will allow Gen Y to succeed on the move and approach the work/life balance they desire.
  - Gen Z will challenge the traditions of academia, demanding more personalized learning programs at a price they can afford. Their comfort with online learning through Internet video channels (YouTube, for example), podcasts, webinars and other social media tools will challenge an educational system that is unprepared to meet their real-time, on-demand expectations.
  - Smartphones and other mobile Internet devices will be the primary digital information tools for both Gen Y and Gen Z globally.
  - As youth connect through the global grid, they will develop, adopt and adapt cross-cultural, transnational consumer patterns.
  - Internet-savvy youth will enable – or develop on their own – a growing number of global small businesses started using mobile platforms.
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## 2. Baby Boomers Gray, but They Don't Slow Down

*Imagine a world where seniors opt out of traditional retirement, choose work as a lifestyle and become key consumers with unique tastes and disposable income.*

The industrialized world is aging and baby boomers will account for the bulk of that graying population. In 2011, the oldest baby boomers will hit retirement age at 65, starting a new breed of baby boomer senior citizens. These will not be your typical seniors. “Unretirement” and active engagement best describe their lifestyle choices as they continue to work part or full-time in their current professions or opt to start new careers.



#### OVER THE NEXT DECADE:

- By 2020, roughly 60 million Americans – 1 in 6 – will be over 65. In Europe that ratio will be 1 in 5. The majority of aging baby boomers will work beyond the traditional retirement age, and many will start small businesses both for financial support and lifestyle. Younger baby boomers, aged 55 to 65, will start more small businesses than any other demographic.
  - A growing share of the workforce will be 55 years or older, nearly 25 percent in the U.S. alone, shifting the needs of workers to age-relevant products and services that make their lives better.
  - Retirement, health care and eldercare systems – and government budgets – will be strained by the growing number of elderly. These pressures will provide opportunity for small businesses with innovative, affordable solutions.
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### 3. It's a She-economy

*Imagine a world where women hold more leadership roles in the workplace, politics and education.*

Over the next decade, women around the world will enter the workforce at an unprecedented rate. Close to 1 billion women, many of whom have either never worked or worked at a subsistence level, will be new economic contributors in the world economy. Because of urban migration, increased access to education, mobile technologies, micro-credit and low market entry costs, women will create work and start businesses more readily than ever.

In the industrialized world, women will continue making educational, economic and political advances. The gender gap in earnings will narrow over the decade, approaching parity by 2020. In academia, women will enter and graduate from college at a higher rate than men, better preparing them to lead in a knowledge economy. They will be a dominant force in the health, education and service sectors, which are all expected to grow significantly in the next 10 years.

#### OVER THE NEXT DECADE:

- According to analysis by Booz & Company, 870 million global women who have not previously participated in the mainstream economy will gain employment or start their own businesses by 2020. Most of these women – 822 million – will come from nonindustrialized countries, while roughly 47 million will come from North America, Western Europe and Japan.
  - Gen Y women – across race and ethnic lines – will dominate both college graduation rates and professional workforce entry, expanding their role in management and in professions such as law, business and medicine.
  - In countries with limited support services, such as viable childcare, many women will start their own businesses to provide flexibility for their families and avoid traditional constraints that once kept them out of the workplace. Others may choose a hybrid solution where one spouse works for benefits and job security while the other starts a business.
  - Women will overcome the legal or traditional barriers that prevented them from participating in some regions by using virtual, mobile and Internet technologies to run businesses without having to be physically present.
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#### 4. Cultural Fusion Brings Global Tastes to Local Markets

*Imagine a world where the food we eat, the music we listen to and the people we work with reflect the growing fusion of international cultures.*

Cultural fusion – an adoption and adaptation of global traditions into local habits – is coming via the global Web. It's not a matter of if, but when. And the effect will be as broad as the world itself. Local markets will reflect global tastes over the next decade, as consumers embrace and mix international products, lifestyles and work styles in unique and locally appealing ways. Exposure to different cultures and practices through the Web's global grid will become the norm as consumers and businesses worldwide view, share, tweak and adopt products and practices. For businesses, foreign flavors will not impede sales; they'll attract them.

In some instances, cultural fusion will create friction and pushback as new multicultural trends threaten standards of tradition-strong cultures. However, while that tension can trigger real conflict, it may also lead to unique adaptations, creating new twists on foreign tastes.

Countries that traditionally attract immigrants can expect cultural fusion to stem from both the international marketplace and cultural diversity at home. In the U.S., for example, an

increased domestic blurring of cultural, social, ethnic and racial lines over the next decade will make traditional divisions less relevant and more difficult to measure. Despite some cultural clashes, American consumers overall will embrace cultural fusion, acquiring new tastes and habits from diverse domestic cultures, sometimes substituting traditions (salsa for ketchup), and at other times creating innovative new products inspired from a mesh of cultures at home and abroad (Korean tacos).

**OVER THE NEXT DECADE:**

- By 2020, the minorities in the U.S. today will collectively become the majority of the population in the four largest states – California, New York, Texas and Florida. Nationally, minorities will comprise 40 percent of the population in 2020, with Hispanics accounting for close to 20 percent.
- Consumer behavior around the world will take on a multicultural flavor, where diverse, global tastes meet with locally produced – and often remixed – unique products.
- Global cultural fusion will spur both innovation and global trade, presenting tremendous opportunity for small businesses ready to create and fill new market niches at home and abroad.

**5. Economic Opportunities Fuel Urban Living**

*Imagine a world driven by a global urban culture where mobile and social networking tools help develop jobs, community, education opportunities and self-empowerment, attracting many from rural communities.*

Today, half the world's population – 3 billion people – lives in urban areas. Close to 180,000 people move into cities daily, adding roughly 60 million new urban dwellers each year. Driven by economic opportunity, the shift from rural to urban will continue. About 60 percent of the global population will live in cities and suburbs by 2020. The total number of people living in rural areas around the world will also begin falling at the end of the current decade.

#### OVER THE NEXT DECADE:

- More than 50 cities worldwide will have more than 5 million residents, with more than 20 mega cities teeming with more than 10 million residents.
  - Global governments will substantially increase infrastructure spending to keep up with the population influx, providing opportunities for small businesses, which traditionally provide goods and services in this sector.
  - In many parts of the world, urban social systems will be strained, leading to political instability.
  - With governments overextended, consumers will turn to the marketplace for solutions to problems induced by overcrowding and limited resources.
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## II. SOCIAL TRENDS: THE NEW CONSUMER IN A SOCIALLY CONNECTED MARKETPLACE

Technological connectivity will transform how people and businesses behave. No longer constrained by geography, we will form communities and relationships in a variety of new ways. The Web will bring both local and global within our reach, increasingly blurring the distinction between the two.

Internet and mobile technologies will create a new market transparency that radically shifts behavior. Gone is the guesswork of who does what, where, when and for how much. Both business and consumer activities will be tracked and monitored to an unprecedented degree. With information more immediate and pervasive, individuals will often ask – and be increasingly expected – to participate and make decisions on complex economic issues.

Market power will continue shifting toward the consumer, both domestically and around the world. Economic growth in developing countries, along with the growth of mobile access to global markets, will fuel consumer spending on goods and services, providing tremendous opportunity for small businesses here and abroad.

### 6. Social Networks Fuel the Participatory Economy

*Imagine a world with a grassroots economy, where individuals, groups and businesses connect and collaborate through the Web, bypassing traditional institutions, to affect social, political and economic change.*

Over the coming 10 years, participatory economics will significantly shape the global economy. Connecting through the Web and mobile platforms, people will use forums, communities and other relationships to make informed social, economic and political decisions. The Internet and online social networks will continue to shift power from institutions to people, eliminating constraints on social and economic organization and changing the boundaries between companies and their customers, partners and broader ecosystem.

OVER THE NEXT DECADE:

- Organizations will become more transparent due to unprecedented public access to information on corporate behavior, operations and activities.
- Business success will depend upon effectively creating and working with collaborative communities that includes customers, suppliers and business partners.
- Both businesses and their customers will turn to social commerce, using social networking to aggregate demand, share information about products and prices, and close deals that benefit everyone.
- Non-governmental organizations, individuals and businesses will collaborate to develop broadband access through mobile platforms. This will link individuals around the globe to social networks, providing new lifelines for health, jobs, education and access to the marketplaces.

**7. Localism Creates a New Way of Life**

*Imagine a world where community, work and marketplace intersect, stimulating local economies while improving the quality of life.*

Today, the U.S. is relearning the value of community, something much of the world has long understood. After five decades of relocating for jobs and pleasing employers – only to be laid off and leaving extended family in pursuit of economic gain – Americans are reestablishing stronger ties with family, friends and community. In growing numbers, they are investing in the places they live to make them better. This weave of community fabric will spawn local economic development in new dynamic ways.

OVER THE NEXT DECADE:

- U.S. households will begin to mirror the more typical extended family structure found abroad. The number of multigenerational households will increase due to economic, work, childcare and eldercare challenges.
- Around the world, work-life balance will improve as more people work locally or from home, building community ties.
- With the help of increased connectivity, impersonal city life will morph into clusters of active neighborhood communities.
- The global “Buy Local” commercial movement will expand, with local governments offering incentives to support neighborhood businesses and consumers choosing to buy from familiar, close-to-home merchants.

## 8. Individuals Shoulder the Risk Burden

*Imagine a world where the majority of the accountability for risk-related decisions – insurance, health care, privacy, finances – shifts to the individual.*

Economic changes over the past few decades have shifted risk and risk management responsibilities from institutions to individuals in many countries, including the U.S. This trend will continue over the next decade. Companies will further shift responsibility for retirement, career planning and health care to employees. Similarly, government at all levels will reduce social support services.

Personal finance will grow more complex, requiring consumers to increasingly understand, anticipate and take responsibility for their monetary decisions and their own well being.

### OVER THE NEXT DECADE:

- Federal, state, provincial and local fiscal problems will result in fewer social support services.
  - Nations around the world will raise retirement requirements and reduce the scope of the national safety net.
  - Corporations will continue reducing benefits and increase their use of contingent workers.
  - In developed countries, income inequality will continue growing as the demand for highly skilled workers increases while demand for lower skilled workers falls.
  - Advanced data mining techniques will allow greater identification of niche and individual risk, shifting risk from large insurance pools to small groups and individuals.
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## 9. Customers Control the Relationship

*Imagine a world where commerce is driven by relationships and experience, not by the size of a marketing budget.*

The Internet and connective technologies are creating a new dynamic between companies and their customers that will extend over the next 10 years. Companies that once “pushed” their product message to customers through traditional broadcasting and publishing channels are increasingly dependent on customers who evaluate products by pulling information beyond their control. This trend toward independent assessment will only increase as customers become much better informed and product information much more transparent, tipping the balance of power from business to the marketplace.

With this shift from “push” to “pull” marketing, companies won’t find their customers, their customers will find them.

### OVER THE NEXT DECADE:

- Online social networks, communities and other online information sources will be a growing source of purchase decision information for consumers and business-to-business customers.
- The role of nontraditional influencers, such as bloggers and social network contacts, will expand. Conversely, the importance of traditional influencers and marketing methods will decline.
- A distributed Web presence will take on greater importance, as companies shift to a hub-and-spoke model, with their website at the core. Numerous spokes will be needed to link the company to key Web, social and mobile interfaces with the marketplace.
- Finding the right people, at the right time, in the right place, and in the right context will be the key to small business marketing success.





### III. ECONOMIC TRENDS: NEW BUSINESS MODELS, NEW MARKETS

The next decade will see both scarcity and abundance in a world of atoms and bits. Because of the Great Recession, the current decade began with untapped and underutilized economic resources. Manufacturing capacity, logistical capabilities, raw materials, commodities and talent are readily available, and in some cases, in excess supply.

Yet, as the economic recovery gains speed, the increased demand for energy, resources and commodities will stretch future supply. Prices will be volatile, shortages will occur and political instability may result. One billion new, developing world middle-class consumers will fuel this demand. And meeting it will increase pressure on resources, with greater pollution and the need to cut carbon emissions.

Digital will become the coin of the realm. There will be an abundance and demand for anything digital – electronic components or electronics with digital content. Products and services linked to or embedded with information technology also benefit from lower IT prices and higher performance.

By 2020, small businesses will respond to new market opportunities by creating new niches that can be served through variable cost business plans. Real-time production in response to customized demand will be the norm. A variety of service industries will flourish as baby boomers age and developing economies demand greater health and wellness care. Collaboration will become a common way of doing business, both across small businesses and between big and small. Consumers will benefit from the increase in connected technology linking the global economy.

#### 10. Industrializing Countries Emerge as the New Engine for Global Growth

*Imagine a world where businesses big and small cater to a new middle class who lives outside of their traditional markets.*

In the coming 10 years, consumer spending will increase in the developed world, but not to prerecession growth rates. Aging populations, depleted savings and a debt hangover will restrain spending rates for these countries. However, the developing world will experience significant economic growth with more than 1 billion new middle class consumers fueling global consumer spending. Successful businesses will adjust their products and services to meet the needs of these new middle-class consumers.

#### OVER THE NEXT DECADE:

- The developing world will create more than 60 percent of the world's GDP growth, approaching the developed world in total economic output. Shoestring innovations targeting developing country demand will be adopted and adapted globally.
- An increased share of the world's poor will connect to the global marketplace and gain economic clout, adding more than 1 billion new middle-class consumers to the world economy. These consumers will be younger than those found in aging industrialized countries.
- The decade's emerging customers will use mobile technologies to find businesses as their countries bypass landlines and adopt smartphones for communication and commerce. Solar chargers and other innovative power sources will make it easy for all users to connect, no matter how rural or remote their location.
- Trade between industrialized and industrializing countries will grow as developing economies increase imports and exports to support their growing economies. The decade will also see trade between developing countries grow rapidly as barriers fall and infrastructure improves.
- Trade skirmishes and regional backlashes against trade will occur as countries try to protect weak or failing industries and companies.

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## 11. You No Longer Need Cash to Start a Business

*Imagine a world where economies of scale are no longer entry barriers and small businesses compete and win in almost all industries.*

The cost of starting and running a small or personal business is declining, and that trend will continue in the coming years as smaller, lighter and smarter systems, components and manufacturing methods emerge. Embedding digital technology in a growing array of business processes, services and products, is creating a lightweight infrastructure, cutting costs and lowering barriers to entry.

In areas where business infrastructure costs do not decline, technology will grow accessible on a "plug-and-play" variable-cost basis, providing low-cost access to large-scale business infrastructure to firms, regardless of size.

OVER THE NEXT DECADE:

- Lightweight infrastructures will change the economics of many industries by reducing capital costs and increasing industry operating speed, agility and flexibility.
  - Industry incumbents will increasingly face new competitors – both large and small – using business models based on lightweight infrastructures.
  - Industry lines will become blurred as firms enter adjacent markets using lightweight business infrastructures.
  - Small businesses will shift from fixed-cost to variable-cost business models, adopting a pay-as-you-go approach to minimize both the investment risk and the upfront cash requirements of their business.
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## 12. Sustainability Becomes a Competitive Requirement

*Imagine a world where sustainable business practices and products are integral to business success.*

Preceding the Great Recession, rising demand created sharp increases in resource, food and commodity prices. Consequently the early 2000s saw shortages, disruptions, price volatility and political instability. The return of economic growth will renew pressure on resource supplies and prices, with regulation, taxes and other efforts to reduce carbon footprints adding to these pressures.

Sustainability will move from social novelty to business necessity as costs drop and demands grow from a wide range of stakeholders, including customers, employees and government.

OVER THE NEXT DECADE:

- Businesses will need to plan strategically for resource and commodity price increases, volatility and shortages. Political instability driven by resource issues will increase.
  - Corporate resource productivity (output per unit of resource input) and good and service resource productivity will become a central driver of competitiveness in many industries.
  - Consumers and business-to-business customers will increasingly demand sustainable business practices, products and services.
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### 13. Health and Wellness Spending Soar

*Imagine a world where health and wellness becomes the world's largest industry.*

Despite the current and continuing efforts by government, industry and consumers to rein in costs, global health-related spending will continue to rise over the next decade.

Driving these costs are: aging, health-intensive populations; increasing pollution problems worldwide; rising levels of chronic diseases among the young; expanding use of expensive, high-tech health equipment, services and pharmaceuticals; and a growing consumer focus on wellness.

#### OVER THE NEXT DECADE:

- U.S. health care spending will increase from about 16 percent of GDP to nearly 20 percent by 2020.
  - Health care services will become more available, as prices for some treatments fall and high-quality treatment centers proliferate around the world.
  - The market for treatment of “wealth” diseases, such as obesity and Type 2 diabetes, will grow as countries around the globe become more affluent.
  - Medicare and other national health care programs will stress government budgets as populations increase and expectations for effective treatments rise.
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### 14. Work Shifts from Full-time to Free Agent Employment

*Imagine a world where contingent work is as common as traditional employment.*

The Great Recession will continue accelerating the long-term trend toward a contingent workforce. Contingent workers – freelancers, temps, part-time workers, contractors and other specialists – are hired on a nonpermanent basis and don't have full-time employment status. Yet these pseudo-employees increasingly work as if they are full-time. What's missing is a single employer.

By contracting directly with a business or through an agency, these contract workers increase business efficiency, agility and flexibility. They also cost less and turn employment expenses into variable costs. Contractors, or contingent employees, have a greater say in when and how much they work, giving them greater work-life balance. Today, roughly 25-30 percent of the U.S. workforce is contingent, and more than 80 percent of large corporations plan to substantially increase their use of a flexible workforce in coming years.

OVER THE NEXT DECADE:

- The number of contingent employees will increase worldwide. In the U.S. alone, contingent workers will exceed 40 percent of the workforce by 2020.
  - Traditional full-time, full-benefit jobs will be harder to find.
  - Small businesses will develop their own collaborative networks of contingent workers, minimizing fixed labor costs and expanding the available talent pool.
  - Self-employment, personal and micro business numbers will increase.
  - Government will misclassify workers, creating a major issue for companies of all sizes, especially in the first half of the decade. Work classification and work style will emerge as a target of intense political debate.
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## 15. Niche Markets Flourish in the New Economy

*Imagine a world where customers expect customized goods and services...and also find them abundant.*

During the coming years, three powerful trends will emerge and converge to drive the growth of niche markets. First, consumers and industrial buyers will seek out goods and services unique to their specific needs. Second, the Internet will make it easier for buyers and sellers of customized and specialty products to find one another. And third, low-cost technology will make it cheaper to create customized and niche products.

All of these trends are already entering the mainstream. Individually, each has a major impact on business. Combined, they will fundamentally change the development and delivery of goods and services, and even the structure of industries.

OVER THE NEXT DECADE:

- A growing global middle class will greatly increase the number of consumers purchasing unique, unusual, personalized or locally produced products.
  - The expansive reach of the Internet, social media and online search will greatly increase the number of viable niche market opportunities.
  - Continued business cost reductions, due to lower-cost technology, outsourcing and access to third-party services, will drive down the costs of creating customized and niche products.
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## 16. Small Businesses and Global Giants Form a Barbell Economy

*Imagine a world where small businesses collaborate with large firms to gain global market reach.*

Today's industries are moving to a barbell-like structure: a few global giant corporations on one end, a narrow middle consisting of mid-sized firms and a large group of small, micro and even one-person businesses balancing on the other end.

As more industries move to barbell structures, small and personal businesses will flourish in niches untouched by the giants. Small and large firms will increasingly collaborate, building upon each other's strengths to better serve niche markets.

### OVER THE NEXT DECADE:

- Global scale requirements will continue to drive industry consolidation. The average large corporation will increase revenue and, in most cases, assets.
  - Mid-sized businesses, the middle of the barbell, will continue to disappear, often acquired by global giants.
  - Small business numbers will increase, with the greatest growth found in personal and micro-businesses.
  - The average small business will be smaller due to agility requirements and the use of contingent workers.
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## IV. TECHNOLOGY TRENDS: THE UBIQUITY OF TECHNOLOGY

The already rapid rate of change in technology-driven business accelerates over the next decade. The continued global growth of the Internet and high bandwidth cloud computing will combine with advanced analytical tools, ever larger data sets and social and mobile computing platforms to reshape industries and businesses.

Computing power will increase as costs decrease. Sensors will monitor and report on environments and “machine intelligence” will augment human decision making – and even replace humans in a growing array of tasks.

Businesses will deploy these technologies to increase productivity and create innovative, collaborative networks among employees, business partners and customers. Consumers will take advantage of these capabilities to better manage their lives, improving and taking greater control of their purchase decision cycle for goods and services. Governments will use these tools to streamline operations, increase efficiency and allow broader constituent participation.

### 17. Working in the Cloud

*Imagine a mobile world where going to work includes flexible locations and schedules that suit individual professional needs and personal lifestyle.*

The next decade will see a reinvention of the workplace. Earlier telecommuting technologies of the late 20th and early 21st centuries –the phone, Web 1.0 and fax machines – helped workers avoid the commute and provided flexibility to work from home. Emerging Internet cloud and mobile technologies are increasingly shifting work lives away from the corporate office altogether and toward an in-my-own-place, on-my-own-time work regimen.

Where and how people work and do business will change. A growing array of Web-based technologies will enable, and in many cases require, anytime, anyplace distributed work.

#### OVER THE NEXT DECADE:

- Smartphones, tablets and other mobile computing devices will become the go-to computing devices for most of the world.
  - “Third places” for work will join the traditional office and home. The use of third places – public libraries, co-working facilities and rent-by-the-hour office suites – will continue to grow both in the U.S. and abroad, augmenting the already standard list of airports, cars and cafes.
  - Enhanced collaboration and video services will transform the new workplace as distributed, virtual teams meet regularly using these new technologies.
  - The globalization of talent will continue. Information and communications technologies will better enable globally distributed work.
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## 18. Data is Critical for Competitive Advantage

*Imagine a world where companies with the best data win and work requires analytical capabilities, no matter what the job is.*

The amount of digital data being produced today is growing exponentially. Most organizations grapple to store, organize, and extract value from this mountain of bits and bytes. Those who become proficient in collecting, managing and analyzing this information will gain competitive advantage. This knowledge will create new business opportunities as innovative companies use data in ways that result in new products or services.

#### OVER THE NEXT DECADE:

- Society will create data at unimaginable rates. The market research firm IDC projects that in 2020, the world will generate 35 zettabytes of data in just one year, 35 times what will be created in 2010. (A zettabyte is the number 1, followed by 21 zeroes)
  - Firms that build and utilize large and multi sourced databases will gain early mover and scale advantages. They will increasingly base their business models on data.
  - The cloud will allow much faster machine learning as platforms tap a much broader population for data and map out how things are done.
  - Data will become an increasingly important value component in many products and services.
  - Statisticians and others who work with and analyze data will be in short supply.
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## 19. Social and Mobile Computing Connect and Change the World

*Imagine a world where social media networks become intuitive, personal decision tools, automatically supported by crowd-sourced information on anything, anywhere, anytime.*

The growth of social computing and connective technology is staggering. Today more than 500 million people use Facebook and over 4 billion have access to a cell phone. The proliferation of collaborative technologies will continue redefining how businesses create value and compete, and how consumers behave.

### OVER THE NEXT DECADE:

- Social networks morph from communication tools to crowd-trained decision tools, helping solve problems and even anticipating our needs.
- The growth of the Internet will continue and more than two-thirds of the world's population will have Internet access, mostly through mobile computing devices.
- More personal data will be online, increasing transparency and changing privacy expectations for companies and individuals.
- Personalization of products and marketing will increase. Behavioral and even neuro-targeting, the practice of mapping brain waves to identify consumer preferences, will become common.
- Cross-organizational cooperation and collaboration will increase in importance, leading to new business structures and models.
- Businesses and consumers around the globe will adopt mobile Internet devices and social platforms for education, commerce, health care, entertainment and news.

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## 20. Smart Machines Get Smarter

*Imagine a world where machines monitor and react to their environment, assisting, augmenting, and in some cases, replacing human decision making.*

Equipped with computing capabilities, digital storage and sensors, today's machines, products and objects have their own "intelligence." Add an Internet connection and these devices get smarter, sharing data and information with other devices and performing more complex tasks.

Intelligent devices already exist and are used in a variety of industrial and commercial applications. As costs decline and capabilities increase, intelligent devices will grow smarter and more capable, and will be deployed broadly.

#### OVER THE NEXT DECADE:

- Intelligent devices and sensors will be embedded throughout the environment and in most products.
  - “Machine intelligence” in the form of analytical software will analyze growing streams of data to make life and business decisions.
  - Robotics will move beyond industrial use, becoming common in consumer environments.
  - Automation will replace humans in a growing array of tasks ranging from patient health care to industrial production.
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## CONCLUSION

2020 will cap 10 years of society’s transition to mobile and social commerce, driven by new technologies that allow consumers to participate and shape their local ecosystems within a global economy.

As consumers adapt to and embrace social commerce, the opportunities shift for small business. By taking advantage of real-time manufacturing, virtual stores, Web access to a global market, and the marketing reach of mobile technologies, small businesses can start up and perform more like larger firms than at any other time in history. The playing field levels between large and small firms, and often becomes collaborative. Big and small firms increasingly rely on each other’s capabilities to compete more effectively in the global marketplace.

