

From direct economy to direct everything

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For many of us technology and connectivity have led to an “on demand” lifestyle where everything everywhere all the time is both expected and desired. The lines between work time and private time have become blurred with many people responding to office demands from home, and bringing connections to their social life to work. With the new on-line tools and the internet as a distribution system of photography, films, music and even news, the lines between amateurs and professionals are also becoming fuzzy. Many businesses are taking advantage of these trends to varying degrees. The disappearance of intermediaries, new production processes, higher IT productivity, new pricing mechanisms and new distribution systems have generated a “direct economy”, where the customer/user has been sucked, willingly or not, into the production process or value chain. All this is leading to new business models, some immediately profitable, others not yet but hugely successful in terms of users.

One way to look at the evolving business models is through the two dimensions of knowledge and interactivity.

Knowledge dimension

The knowledge dimension, in increasing order, goes from raw data (for example 19 – a number), to information (19 degrees Celsius, which is a temperature), to classification/categorization which gives the context (weather in Geneva in January), to process or time, which takes into account a notion of evolution (say the temperature range in Geneva in January over the past 50 years). Being outside the range – it is has never been this warm in Geneva in January – allows us to understand that this might be the result of global warming. And if we understand the logic of this process, we might be able to model it mathematically, thus leading to prediction of future temperatures or some form of automation.

Levels of interactivity

The levels of interactivity, in increasing order, go from passive (listening to music in the elevator, or radio in a taxi), to self-service (chose your station, pick your newspaper), to Do-It-Yourself (IKEA furniture, downloading and making your own CDs), to co-design (blogs – you get to choose the layout and add the content using existing tools), and finally co-creation where you participate in the creation of the tools. In the past, focus groups would provide information to companies, who would then take the results into account or not. Today, fan

communities are influencing design in a much more active way, even contributing software code to Linux, or new content to game developers for free.

The new business models arise as we move towards increased knowledge content and increased interactivity. Under the Do-It-Yourself model, some of the services we were used to receiving with the products are now being transferred to the customer, who becomes a ConsumActor. This is by no means an increase in productivity, as someone who assembles IKEA closets all the time will be more efficient at it than someone who only needs to assemble one every five years or so. But the producer gives part of the money saved on assembly back to the customer, and the customer gets to choose the desired elements. Basically, the consumer gets lower price and more personalization.

In the co-design phase there is a transfer of production know-how from the producer to the customer, who becomes a TransformActor. In order to purchase a Dell computer, you have to know quite a bit about the specifications to be able to order the desired configuration. In every transfer there is both a giver and a receiver, and this is what will create a two speed society, between those capable of assimilating the know-how, and those who, for reasons of education, training, age or income, will not be able to. There will be a host of service industries cropping up around this model, to teach, train, help or do the service for you, but it is a perverse effect, that the part of society least able

to afford to pay extra will have to in order to obtain the products.

The co-creation phase is based on two new phenomena: the first is the recognition that the brains outside the room are probably smarter than the brains inside the room (because more numerous), and the second is that user-led innovation tends to be free. Before, creativity was rewarded: it had a value and a price and the whole patent system was created on this principle. Now we are seeing people, InnovActors, contributing code to Linux or content to Wikipedia just for recognition, or because of some subjective individual altruism, for what they believe is the common good. How businesses will tap into this creativity, and where they will be able to charge for value, is still up in the air.

Direct everything

Certain businesses are already operating in the direct economy mode. Unlike a direct democracy, as practiced in Switzerland for example, where the People vote on every law and the majority rules, in the direct economy the majority does not rule. Multiple business models can co-exist at the same time, and success is a relative term – financial, or market share, or eyeballs...different people value different things. The impact that this is having on society, is that we are moving towards a “direct everything” society. To name just three examples: the nude crowd photographs of Spencer Tunick in Melbourne (4500 participants)

and Barcelona (7000 participants) can be called “direct art”. If you are off-setting your carbon emissions on www.climatecare.org, www.carbonneutral.com or www.growaforest.com, you are doing “direct philanthropy”. The opposition of US soldier Ehren Watada to fighting in Irak, but not in Afghanistan, might be called a form of “direct military”, where individuals sign up for campaigns that they believe in, sort of like the crusades of old.

As we move towards a “direct everything” society, the question that needs to be addressed immediately is how we will behave without a commonly recognized moral authority. Individual altruism is subjective, and will only address part of the common good. Currently there is no body of regulation for behavior on the web. Ethics will need to be taught in schools so that ethical considerations flow naturally into everyone’s decision process. People will need to start talking about the rules that are acceptable, so that others can comment and a general consensus can emerge. The direct economy is already upon us, we need to start this conversation now.