



ECOSYSTEM PREDICTS

The Top 5 Forces of Innovation in 2023

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Disrupt or Be Disrupted

2022 was a year of consolidation – of business strategy, people policy, tech infrastructure, and applications. In 2023, despite the economic uncertainties, organisations will push forward in their tech investments on selected areas, with innovation as their primary focus. Successful businesses today realise that they are operating in a “disrupt or be disrupted” environment.

**2022 SAW INNOVATION EMERGING AS A KEY PRIORITY:
2023 WILL SEE INNOVATION TAKE CENTRE STAGE**



40%

Innovation of
products & Services



33%

Innovating on Customer
Experience Measures



30%

Identifying new revenue
streams/ business models

Source: Ecosystem Digital Enterprise Study, 2022

Ecosystem analysts present the top 5 Forces of Innovation in 2023.



#1

The Gen Z Tsunami Will Force Organisations to Truly Embrace the 21st Century

The Generation Z is coming of age and entering society at scale. They are estimated to constitute 26% of the total population across the world – India alone is said to be home to almost 400 million Gen Z citizens.

Corporate workplaces will see a rapid influx of this next generation of employees, and they will gain purchasing power to drive economic activity and take over customer share of wallet.

We are 22 years into the 21st century and most businesses are still driving iterative innovation to the services that they built in the last century. As Gen Zs take over corporate workplaces and customer share of wallet, businesses will finally embrace technologies such as cloud, mobility, Web3.0, blockchain and AR/VR to build products and services that tackle the needs of the 21st century.

The rapid influx of Gen Z in workplaces and customer spending will force businesses to abandon their iterative innovation pathways and build solutions for 21st century problems – with the latest technologies.



Ullrich Loeffler
CEO



#2 "Big Ticket Innovation" Will Get Back on the Agenda

Continuous innovation is now an expectation for every business. If organisations are not moving customer and employee experiences forward, they are effectively going backwards, as customer and employee expectations continue to evolve.

For the last 25 years, we have seen 5-7 year innovation cycles in the tech space. Organisations adopted new tech or made old tech do things it was never designed for. This took 2-3 years as the bleeding edge, leading edge and finally the mass market came on board with these new tech-driven business capabilities. This was followed by a 3-4 year period of bedding it down and making it profitable before the cycle kicked in again.

Business and technology leaders now openly discuss innovation as a new theme on their agenda. And they aren't referring to the continuous improvement and innovations that are now common-place. In 2023 we will finally see some Web3.0 capabilities move beyond experimentation and niche services.

We will see "big ticket innovation" back on the agenda - think invention, entirely new products and services, businesses moving into new or adjacent markets, acquisitions, new brand positioning and new go-to-market activities.



Tim Sheedy
Principal Advisor
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#3

Over the Edge: The Metaverse Ecosystem Will Take Shape

The Metaverse is less a definitive technology platform than it is an architectural abstraction. Like that other abstraction, the software defined data centre, it is one of the few true 21st century business models capable of delivering contemporary experiential economy services. It will be fundamental in changing our perception of future services.

The interactive and collaborative technologies that allow the Metaverse to be something to build, touch, and deploy have evolved over many decades. But it is only the mass adoption of edge computing that has finally tipped things over the edge by providing both location and situational data to elevate user presence to something useful in multi-dimensional digital reality solutions.

As we enter 2023, the key components of the Metaverse are supported by a rich ecosystem of high-quality enterprise grade vendors providing platforms, virtual worlds, augmented worlds, avatars, and wearables. As companies are being driven in new directions by changing shareholder demographics, the Metaverse's inter-generational impact on many industries will be profound.

The Metaverse is the immersive ability to deliver or personally experience digital reality. It is an obvious 21st century business model – both capability and service – that will change the way you see the world and the world you see.



Peter Carr

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#4 Green Computing Will Drive Tech Investments

Post COP27, sustainability has become more visible in IT strategy, and decision making on IT spend will now include ESG elements that are measurable and impactful.

Sustainability will further transform the way business is conducted and extended across the supply chain – choices that valued partners make impact enterprises as well. Organisations will leverage carbon footprint tools that use simple visualisations to show them their historical carbon emissions, estimate emissions avoided by using cloud instead of an on-premises data centre, and review forecasted emissions based on their current use.

Measuring sustainable IT investment will be a challenge in examining ESG metrics. We will see more initiatives such as [RepRisk](#) and [FactSet](#) that use algorithms, AI, social media sentiment, natural language processing (NLP) and data to measure social value and impact.

Both operating profit and energy costs put pressure on IT management to focus on energy efficiency and reducing consumption and CO² emissions.



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#5 Organisations Will Harness Existing Tech to Innovate

The recent increases in inflation reduce the buying capacity of an organisation. So, to realise the potential value of an effective digital transformation, organisations will harness the tools they already have. In most cases, an organisation has a capable core – and improving the performance of this core will contribute significant value at a lower cost and faster, than introducing new tools.

Existing tools don't require new technologies or data. Changing processes or analytics is dramatically faster than introducing new tools that require new skills. Tech leaders will improve their understanding of the existing tech products within the organisation and look to increase the availability of data from their core.

This will impact technology providers too – as they will need to support their customers' performance using existing products and services rather than looking to sell them new products.

For new capabilities, look for ways to accelerate the technology core's value by integrating niche capabilities. Find ways of working that don't require scarce high-end technical expertise.



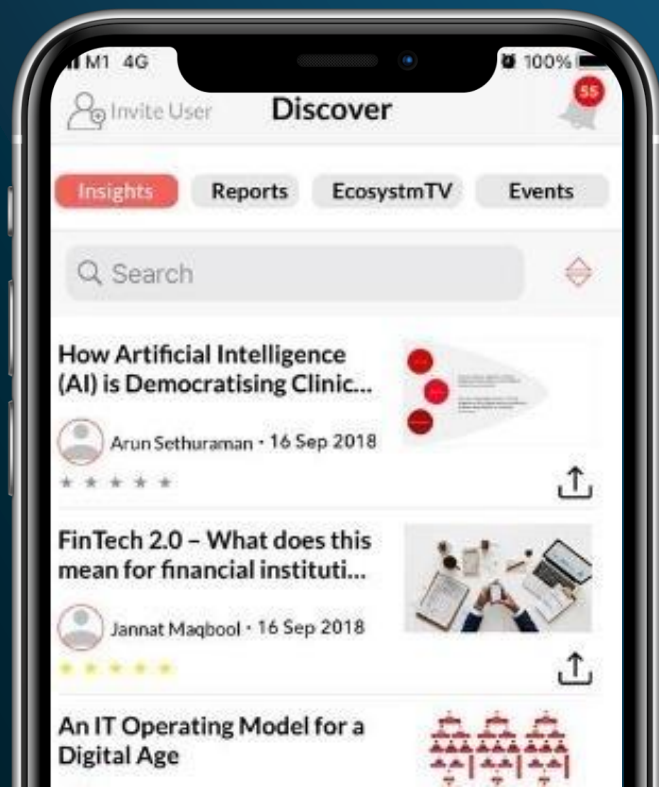
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