

Author's Preface

In the age of digital technology and Internet, user-centric thinking, iteration, platform, freemium, and sharing have caught on; the tide of openness and inclusiveness, deconstructing and disintermediation have sprung up; garage culture, café culture and grassroots culture have taken hold all over the world.

Which underlying business trends merit special attention? In my mind, ten mega business trends in the digital age described in this book demonstrate sound logic: Trend I, Trend II, Trend III, and Trend IV, “Big Data, Cloud Computing, Platforms and Mobile Internet”, predict the changes in infrastructure; Trend V, “Software-Defined Anything”, focuses on changes in productivity; Trend VI, “Outsourcing and Crowdsourcing”, anticipates changes in production organization; Trend VII, “Prosumer Economy”, explains the changing forces of economic growth; Trend VIII, “Long Tail”, forecasts an altered competitive landscape; Trend IX, “Digital Finance”, analyzes changes in financial entities and technologies; Trend X, “collaboration”, probes into changes in operations models.

Business Trends in the Digital Age will give you some enlightenment as to how to gain a solid foothold in the market amidst fierce competition. This book is also a must-have to innovation, investment, M&A, business transition, and start-ups for entrepreneurs.

Some readers may ask why digital technologies can change business trends. One of the basic theories in economics and management is to reduce transaction costs, and transaction costs can be reduced by addressing information asymmetry. In the digital era, data can be mined, resources be shared, long-tail and blue ocean strategies can be leveraged to drive down costs and enable companies to transform themselves and thereby reshape the industries and rewrite the business trends.

In the age of digital technology and Internet, it has been quite common that “following trends” outweighs “building up advantages”. Thus, those who follow the beaten track may breathe a sigh of regret that they have been “out” before getting down to SWOT analysis.

It is my great honor that *Business Trends in the Digital Age* has received the 1st prize for academic works at the 4th Chinese University Press Book Awards. We are convinced that academic works can't be separated from teaching (in particular

case teaching). Only by continuous learning and interaction in the class can academic works be as fresh and compelling as ever.

On this occasion, we, Zhu Xiaoming (朱晓明) and Song Bingying (宋炳颖) would like to express our thanks to Ning Yingzi (倪英子), Ren Yifan (任轶凡), Li Rui (李蕊), Cao Xuehui (曹雪会), Luke R. Krawec, Wang Yan (王燕), Wang Chen (王晨), Zhou Wei (周伟), Huang Xie'an (黄协安), Xu Qian (许茜), Yu Rui (俞睿), Zheng Youjia (郑幼佳), Zhao Nan (赵楠), Fan Jingjing (范晶晶), Guan Peng (关鹏), Zhang Yu (张羽), Xiao Yingjun (肖颖君), Zhu Yezi (朱叶子), Shi Tianyu (施天瑜), Huang Chengyan (黄成彦), Ma Lan (马蓝), Wang chengde (汪承德), Jiang Junzhe (姜浚哲), Wang Danping (王丹萍), Zhu Yifan (朱奕帆), Zhang Yingwen (张颖文), Ma Ning (马宁), and Zhang Junrui (张郡芮) for their great efforts made in translation and proofreading of the book, and special thanks go to Yang Yemin (杨焯旻), Han Feng (韩丰), Chen Haimin (陈海闽), Xie Jun (谢隽), Lee Yong-Fatt (李永发), Wu Shengshan (吴晟姗), Meng Hao (孟浩), Tian Minwei (田珉炜), Ma Li (马利), Jiang Jiawei (姜嘉维), Li Angda (李昂达), Wang Yi (汪毅), Zuo Jiqing (左冀卿), Wang Dongqing (王东卿), Sun Wei (孙伟), Deng Qin (邓琴), Dmitry Andreev, Ramiro Gomez Lopez, Alberto Miranda Ordono, Kevin James Shimota, Upendra Pratap Singh from CEIBS MBA 2016 and 2015 cohorts for their excellent voluntary work in the whole translation and proofreading process. I still remembered that on January 17 one of CEIBS MBA students Wu Shengshan asked me during the book launch ceremony if this book can be translated into English through crowdsourcing. If the second edition of the book is to be released in the future, I will definitely write a case on translation through crowdsourcing and add it into the second edition.

In the age of digital technology and Internet, everyone has an opportunity to realize their dreams. For entrepreneurs or educators, nothing matters more than commitment for them to follow the ever-changing business trends or to keep pace with the fast-growing S&T innovation. Only by trying to surpass the front runners and going beyond ourselves can we make a foray into uncharted territory to create a brave new world.

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Preface

The ICT (Information Communication Technology) Revolution is a “story about the service sector”... By virtue of the ICT, efficiency in the service sector has substantially risen in tandem with its transition.

—The Choice of China’s Growth Model (2013 edition), Wu Jinglian

I find that the great thing in this world is not so much where we stand as in what direction we are moving.

—O.W. Holmes (1841–1935)

On October 22, 2014, Prof. Samuel Chao Chung Ting, a Chinese American scientist who received the Nobel Prize in Physics in 1976, delivered a lecture as part of the Master Class Series on CEIBS Shanghai Campus. He noted, “It is my first time to deliver a speech to MBA and EMBA students at a business school.” It was also the first time CEIBS had hosted a Nobel Laureate in Physics for a lecture. As noted by Prof. Ting, physicists are capable of not only seeing beyond the edge of the Milky Way (10^{25} m) and observing more distant galaxies, but also probing entities as small as quarks (10^{-17} m). From the largest galaxies to the tiniest particles, our point of view about the objective world changes over time; from basic research to applied technologies, the frontiers of science have been pushed forward and the number of applications has grown.

Although Prof. Ting’s lecture dealt with physics theory and applications, the basic idea also applies to the business world. Since the division of labor and market transactions began, people have sought new ways to reshape the business world. From macroeconomic trends to micro-organizations, economic law to business strategies, and technological innovation to business model innovation, we have gained deeper insight into the business world and enhanced the diversity of business applications.

In the digital and Internet age, companies may be facing the toughest competition, the fastest business shifts, and the largest number of innovations in history. New ideas, models, and businesses are mushrooming. Business schools need to keep pace with the times to help entrepreneurs understand the business

trends in the digital age so as to grasp opportunities for innovation. This is why we named the book *Business Trends in the Digital Era: Evolution of Theories and Applications* (hereinafter referred to as *Business Trends in the Digital Era*).

To understand these business trends, we need to delve into the works of management gurus, including *The Choice of China's Growth Model* by Wu Jinglian, *The Theory of Economic Development* by Joseph A. Schumpeter, and *The Practice of Management* by Peter F. Drucker, while making management theory part of our own business practices.

This book originated from the lecture notes Prof. Zhu Xiaoming and his research team prepared for students. So far, no fewer than ten classes have taken Prof. Zhu's course. Converting the lecture notes into a book didn't seem overly difficult, at least until we actually put pen to paper. First, in class, we can supplement our lecture notes with PowerPoint presentations or with audio and video materials to capture and hold students' attention. But in writing the book, we had to rely on key points of view, content and internal logic, rather than on auxiliary tools. What also important were ensuring the writing itself was vivid and that the cases were up-to-date. Second, for students, we need to boil down the course content into lecture notes to bring out its essence; for readers, we must instead go to great lengths to expound our views and strengthen them with cases. Third, as digital technologies and business models are advancing by leaps and bounds, we need to keep abreast of and incorporate developments in the issues and cases referred to in the book, ensuring we can substantiate our points of view with up-to-date information.

We have poured all our mental and physical energy to writing the book. Seeing the book published provides us with a great deal of comfort, as our efforts have borne fruit at last. It is my sincere hope that the book will serve not only as a textbook for business schools, but also as a guide to innovation, investment, M&A, business transition and start-ups for entrepreneurs.

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