CEOnetworking's Top Ten 2004 Business Trends

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NOTE: Since 1998, Mitchell Levy has been making annual predictions of the top ten trends in business/e-commerce. To view their accuracy, go to http://ecnow.com/predictions.htm. Read the full article at:
http://ceonetworking.com/businesstrends/2004Top10withQuotes.pdf

Many prominent individuals have contributed to CEOnetworking's top ten 2004 trends. 80 industry experts contributed over 225 predictions. Unfortunately, we couldn't include them all. Contributors of note include Tony Scott, CTO of General Motors, Patrick Lo, Chairman and CEO, NETGEAR, Dan Tapscott, Co-author of "The Naked Corporation", Geoffrey Ramsey, CEO and Co-founder, eMarketer, and columnists John C. Dvorak, Kevin Maney and Mark Jones.

Overall, the business environment is getting better, however, there are a number of obstacles that need to be tackled (viruses, spam, offshore outsourcing backlash, and IT security). While doing this, the Internet continues to force business to evolve to the next level (Internet telephony, wi-fi, business consolidation, social networking, e-commerce, the software ASP model and marketing). With this in mind, let's get ready for a very interesting ride in 2004.

CEOnetworking's TOP TEN TRENDS FOR 2004:
Top 10 Trends:
1. **Viruses and Spam Get Worse, Not Better**
2. **Continued Global Economic Dependency and a Backlash Against Offshore Outsourcing**
3. **Internet Telephony Continues Disrupting the Existing Players**
4. **For Survival, Companies Continue to Consolidate**
5. **Wi-Fi Gets Bigger**
6. **Business Continues to Evolve to the Next Level**
7. **Some Positive IT, Economic and Stock Market Movement**
8. **Security is Still the #1 IT Concern**
9. **Social Networking Takes Off**
10. **The Term "E-Commerce" Comes Back into Vogue**

Bonus Trends:
1. **Software Continues to Change Forever Especially via the ASP Model**
2. **Marketing Becomes Important Again**

Here are the quotes from notable industry experts and luminaries on CEOnetworking's Top Ten Trends:

TREND#01: VIRUSES AND SPAM GET WORSE, NOT BETTER:
"The window of opportunity for corporations to apply patches to protect against computer vulnerabilities will continue to shrink as corporations will have to battle more than 3,500 new worms and viruses. The major worms of 2004 will blow right past traditional standalone anti-virus and firewall products and continue to ravage corporate networks.""
Thomas E. Noonan, Chairman, President and CEO, Internet Security Systems, Inc.

"Sadly, in 2004 we will have a so-called "zero-day" event - a case where a previously unknown exploit in the form of a virus or worm is unleashed broadly. Prior to this, all exploits have been based upon a previously disclosed vulnerability."
Tony Scott, Chief Technology Officer, IS&S, General Motors Corporation

"Massive virus. This is the year where a serious virus/tojan/worm program with a destructive payload wrecks computers and sinks a few ill-prepared businesses. The result is that the government gets involved with computer security."
John C. Dvorak, Columnist

"Security and viruses will only get worse - many average users will be the source of most of the trouble as they won't know what they need and won't even pay attention to run the updates alerted by Microsoft. While corporations may be very secure, it will be home users that affect the usability of the Internet until solutions are implemented for flash attacks and OS fixes are deployed."
Alan Wallace, CEO, Reward Marketing, Inc

"Congress will try to stop spam, and fail. Domain blocking will become the last resort to undesirable mail, and most of the blocking will occur in the USA."
Tom Henderson, Managing Director, ExtremeLabs, Inc.

"'Do not spam' lists will become more popular than "do not call lists", thus posing new challenges for all companies on how to use the Internet to reach and communicate with potential customers without offending them."
Edward Segal, Author, "Getting Your 15 Minutes of Fame"

TREND#02: CONTINUED GLOBAL ECONOMIC DEPENDENCY AND A BACKLASH AGAINST OFFSHORE OUTSOURCING:

"There will be no boundaries. Forget governments, borders, taxing authorities and the like. People will seek providers of solutions and value regardless of where they are. Shipping goods around the world is as simple as shipping it across the US. Shipping ideas are even easier. It happens with the click of a mouse. By the time nexus issues are resolved in the US, it will be too late."
John Bartold, Contributing Editor, www.Colloquy.com

"Companies will become increasingly dependent upon the global market to achieve best-in-class services and minimize costs. The backlash against offshoring will increase as it becomes a political focus area as unions, politicians and anti-globalists voice their concerns. As the U.S. presidential campaign heats up and the labor impact of recent large transactions are realized this will cause more outcry against offshoring."
Atul Vashistha, President & CEO, neoIt

"Increased IT offshoring will backfire, especially in the Healthcare and Financial Services verticals, when hidden costs (and bugs) come home to roost."
Nicole Kidd, Journalist, Author, TheJournalists.com

"Beginning of the End. Outsourcing mania backfires for one too many companies as outsource companies are spread too thin. The companies using poor quality outsource firms get bad marks for customer service as their business declines."
John C. Dvorak, Columnist

"The largest growth will be in China for electronics and high tech. Not only will European and North American companies continue to move into China. China's own businesses will begin to catch-up and be real forces there."
Susan Mulcahy, VP of Research, Reed Research Group/Reed Business Information

"China will become a major e-commerce player. They already have the world's second largest Internet community in 2003. One of the enablers is state-sponsored smart cash card development, which will become more popular than credit cards."
Thomas Wong, Sr. Consultant, Intesync

"The shift of Silicon Valley based employees to India or China based ones is only beginning. The 21st Century will be Asian."
Patrick LeGranche, Chairman & CEO, Qarbon

TREND#3: INTERNET TELEPHONY CONTINUES DISRUPTING THE EXISTING PLAYERS:

"Internet telephony takes off, creating a huge disruptive event for any organization selling communications services by the drop."
Mark H Goldstein, CEO, Retail Presents

"Skype and peer-to-peer telephony will set telephone companies and long distance companies on their ear. VOIP is ready for prime time and adding the p2p 'free' element is a tinderbox."
Leland Harden, Vice Chancellor of Institutional Advancement, New Canoe University

"Increased cell-phone functionality including still images and video will lead to at least one telco to begin experimenting with opening its network to application developers. This will be the starting gun for a race to open telecommunication networks, and will transform telecommunication in a winner-take-all frenzy to capture market share for these new open networks."
Mark Resch, CEO, Onomy Labs, Inc.

"Public-access WLANs are going to be a huge success because cellular carriers are going to dominate this business. Far from being a threat to 3G, PWLANs are essential to the carriers who need them to augment their data (and even voice) capacity. Look for combined WLAN/cellular handsets in 2004."
Craig J. Mathias, Principal, Farpoint Group

"Bill to phone solutions will provide significant profit areas for wireless carriers as well as third party providers when coupled with the present affordable hybrid devices capable of utilizing premium content such as MP3's, games and more."
Carol Erickson, Chief Technology Officer, YellowPepper Inc.

TREND#04: FOR SURVIVAL, COMPANIES CONTINUE TO CONSOLIDATE:

"Expect a continuation and even acceleration of the vendor consolidation we've seen over the past few months (Open Text/IXOS, EMC/Documentum, PeopleSoft/JD Edwards, etc.). This will be especially true in the BPM/workflow, Web services, and capture spaces, in which there are too many players to serve too few customers. Look for the following companies to be involved either as acquirers, "acquirees," or parties to a merger: EMC (they're not done yet!), Cardiff, Dell, Ultimus, and one or more of Bowstreet, Cape Clear, SeeBeyond, and webMethods."
Steve Weissman, President, Kinetic Information LLC

"Companies will merge to survive. Independent companies with small product footprints, marketing budgets, and shallow customer support will fail. Marketing strategy and financial strength will again become causative factors of success."
Jeff Karan, Managing Partner, Woodside Capital Partners

"Look for consolidation in the industry. Companies will continue to merge and/or sell as a means of equity conversion. IPOs will only happen infrequently..."
Bruce R. Mancinelli, President and CEO, WebSurveyor Corporation

"Supplier consolidation will continue to occur, especially as the number of new companies trying to enter the BPO market are not able to realize client wins soon enough to capitalize on their efforts"
Atul Vashistha, President & CEO, neoIt

"There will be continued consolidation in the Search space; however this consolidation will generate acquisition opportunities for specialty search engines and search-related technologies."
Karen Howe, CEO, Singingfish

TREND#05: WI-FI GETS BIGGER:

"Wi-Fi will become widespread worldwide in 2004. We expect homes to reach up to 20% penetration for wireless networking. In the office we will see new, rapid adoption now that standards, speeds, and security have advanced sufficiently enough for business-class deployment. For those on the road, we predict over half a million hotspots worldwide by the end of 2004."
Patrick Lo, Chairman and CEO, NETGEAR.

"A number of technology companies are developing methods of extending 802.11(a) or (b) or (g) from hundreds of feet to thousands of feet. As they continue to figure out ways to eliminate the interference caused by such things as walls and 2.4 GHz phones, which are in the same frequency range as 802.11, look for even greater adoption of 802.11 networks in homes because it solves the last mile problem, in corporations, and in large public areas."
Richard Brenner, CEO, The Brenner Group, Inc.

"IM and email by wireless device will cause growth of message volume in the US to accelerate. Wireline growth rates will not go down. This will be added growth."
Dave Anderson, CEO, Sendmail Inc.

"Free Wireless hotspots will increase substantially. This is a no-brainer. Anyone who's blown hours in a Panera or Starbucks will tell you that a cool social ambiance plus free Internet connection is a successful recipe."
Daniel Anthony, Director, National Youth Leadership Forum on Technology

"Nationwide, wireless Internet access points will be free. Wireless access points are cheap, easy to run, and a nice source of competitive advantage (or disadvantage, if you don't have one). Coffee shops and hotels won't be able to charge for them in most parts of the country past mid 2004."
William Grosso, VP, Technical Services and Support, Hipbone Incorporated

TREND#06: BUSINESS CONTINUES TO EVOLVE TO THE NEXT LEVEL:

"Transparency will continue its ascendancy to being the over-arching guiding principle for corporate behavior. Every corporate boardroom should have a goldfish bowl sitting in the middle of the table, to remind the Directors of the increasing scrutiny under which they operate."
Don Tapscott, Co-author "The Naked Corporation: How the Age of Transparency Will Revolutionize Business"

"The needs of enterprise computing are quickly evolving from 'Functional Competency' of the 1990s (how can we make our business more efficient?) to 'Integration Competency' (how can we best manage the end-to-end business?). This will lay the foundation for the next big technology trend: 'Collaboration Competency' where business systems around the world seamlessly interact with each other over the semantic Web."
William Ryan, Founding Partner, Portola Strategies

"As a result of continued media fragmentation, the advent of new media platforms and accelerated global competition, marketing and advertising functions will come under greater scrutiny to prove their ROI. The Internet, which is arguably the most measurable of all media, will set a new standard for media accountability in 2004. This trend is not a fad, it will continue ad infinitum."
Geoffrey Ramsey, CEO and Co-founder, eMarketer

"Venture Capital will continue on an evolutionary path. Not unlike other industries, as the venture capital industry evolves market segmentation of the constituent firms becomes more prominent and distinction on a value add basis gains prominence. Spurred by the aggregation of capital between 1996-2001 (which far exceeded the amount raised since the modern advent of venture capital investing since the 1950's) the venture capital industry will now highlight the interdependent need between early stage real 'Company Builder 'VC's from later stage more passive investors."
Patrick J. Yam, CEO and Managing Member, Sensei Partners LLC

"A return to long-term thinking. In the wake of corporate scandals and a general disgust with greed, the best CEOs will increasingly revolt against the quarterly-earnings, make-that-number game, freeing them to focus on longer-term, deeper issues."
Kevin Maney, Technology Columnist

"Intellectual property law will undergo a major overhaul, with more and more alternatives and extensions to traditional IP protection emerging (such as Creative Commons)."
Molly E. Holzschlag, Consultant, Molly.Com, Inc.

TREND#07: SOME POSITIVE IT, ECONOMIC AND STOCK MARKET MOVEMENT:

"The market downturn has pushed companies to become lean and agile. As the upturn begins unprecedented growth in margins and new corporate agility will make mid-sized and larger companies provide greater returns to shareholders while they find they can enter new market places and adequately complete with their smaller companies and start-ups"
Bill Widmer, Managing Partner, Diamond Hawk Ventures

"The general economy, and IT spending in particular, will continue to advance as inflation stays low and the business cycle catches up with ongoing, strong gains in productivity."
David J. Blumberg, Title: Managing Partner, Blumberg Capital

"... the IT buying climate - not the entire economy - improves, and healthy growth (though not necessarily hyper-growth) will return to large parts of the e-business sector, both in consumer and business markets."
Philip Lay, Managing Director, TCG Advisors, LLC

"Strong Economic Recovery in 2004, 3.5- 4 % GDP growth, Unemployment 4.5-5%"
Bill Murphy, CEO and Chairman, Clos LaChance Wines. Inc.

"The IT Slump is over -- but there won't be a return to the Good Old Days of unlimited spending."
Amy D. Wohl, President, Wohl Associates

"The stock market will see at least four new e-business IPOs in the next year creating at least $1 billion of new, incremental market cap."
Peter Ostrow, President & CEO, TestMart/NAVICPmart

"Return of the tech IPO. It won't be anything like the bubble days, but the long-dorman tech IPO will bust out of its shackles with a few big ones in early-2004, among them Google and Salesforce.com."
Kevin Maney, Technology Columnist

"Silicon Valley will begin adding jobs to the as-yet jobless recovery, much to the relief of the under and unemployed ... and the shrunken classified advertising pages of local media."
Rod Diridon, SR., Executive Director, Mineta Transportation Institute

TREND#08: SECURITY IS STILL THE #1 IT CONCERN:

"Security Finally Reaches The Boardroom - Boards of Directors and Top Management will be held accountable for business stoppages as a result of information security issues. CIOs will be replaced in the event critical systems are brought down by foreseeable security problems such as failed patch management and worms."
Lawrence D. Dietz, Director, North American Enterprise Marketing, Symantec

"Governments and private sector businesses will be driven by the need for greater security to take authentication beyond the device to authenticating the user as well. The $50 billion identity theft problem last year will meet its match when PDA's, cell phones and smart cards standardize on self contained biometric solutions and cryptography."
James E. Biorge, Chairman and CEO, 1steTech

"Security will get grounded in reality which includes destroying the myth that everything inside the firewall is safe (and everything outside isn't). Security vendors will uproll their products so that intrusion detection, anti-spam, anti-virus, and personal firewall policy and management will have to be included on every desktop."
Greg Bolcer, CTO and Founder, Endeavors Technology, Inc.

"Security will remain the most important, largely unresolved, problem for IT."
Mark Jones, Executive Editor, News, InfoWorld Media Group

"Beware of the next acronym: X-HI (XML-HI). Expect a major XML-based Hacker Intrusion or attack due to insufficient preventative measures. With all the XML document sharing, many companies are not sufficiently protected against embedded security threats."
Stephen Ibaraki, Teacher/Educator, Writer, Analyst, Chairman and Chief Architect, CIPS, StephenIbaraki.com, Igeninc.com

TREND #09: SOCIAL NETWORKING TAKES OFF:

"Social Computing. The shift from the solitary experience of reading a web page to the social experience of human interaction, collaborative information sharing and entertainment online. BLOGS, meet chat rooms, meet interactive games, meet MUDs, meet computer conferencing."
Don Tapscott, Co-author "The Naked Corporation: How the Age of Transparency Will Revolutionize Business"

"We will see the first IPO of social network technology companies like LinkedIn, Ryze, match.com and Friendster. This is the *second* generation of online virtual community. This new wave takes advantage of the Internet to build a new social infrastructure. Rather than an egalatarian free-for-all, this is a technology that supports the formation of social networks based upon the premise that you will share contacts and make introductions with people you trust. Knowledgable VC's are making their bets in this space, and Microsoft, Yahoo, and Google will make big acquisitions this year."
Mark Resch, CEO, Onomy Labs, Inc.

"The cutting edge software of the next generation will look more like a dating service that links people --- rather than what we are used to as software"
Andy Snider, Founder, Advanced Thinkers Forum

"Forget boundaries, cohorts are the future. Organizational, cultural, regional, and national boundaries will disappear, replaced by on-line cohorts based upon attitudes and interests being the glue that binds people into future marketplaces. Ads will increasingly be targeted to these future virtual groups making on-line targeted marketing as the most effective mechanism. The explosive growth of weblogs are the tip of what is to come."
Stephen Ibaraki, Teacher/Educator, Writer, Analyst, Chairman and Chief Architect, CIPS, StephenIbaraki.com, Igeninc.com

"A couple of large corporations will deploy one of the social business networking software (e.g. Ryze or Ecademy) within the firewall as a productivity tool."
Mitchell Levy, Partner, CEOnetworking

TREND#10: THE TERM "E-COMMERCE" COMES BACK INTO VOGUE:

"E-Commerce will continue to grow based on wider acceptance, reliability and security and that growth will accelerate on a multiplier to economic recovery. That is to say that e-commerce as a route to market will gain disproportionately from economic recovery."
Jeff Drust, VP E-Business, Autodesk, Inc.

"Online sales will continue to rise. Convenience and familiarity are at work here. Those who have not bought will and those who have will buy more."
Jim Sterne, President, Target Marketing

"Like with railroad industry in the early 20th century, web based businesses will emerge again from the ashes of their founding parents to significantly contribute as a channel of distribution to the 21st century economy."
Philippe Lavie, President, KeyRoad Enterprises, a CustomerCentric Selling affiliate

"Some of the e-commerce survivors from the bubble will emerge as exciting, viable, profitable newly-public companies. This will drive a new wave of new investment in consumer e-commerce, although rather more tempered than the last time around."
Alex Osadzinski, Venture Partner, Trinity Ventures

"Online auctions. Entrepreneurs will use cellphones with digital cameras to buy and sell items via eBay and other online auctions. Carriers, credit card companies, banks and other infrastructure players will enter the "mobile eBay" market, which will explode worldwide during the next decade."
Sheridan Tatsuno, Principal, Dreamscape Global

"The dreams of the dot-com boom continue their march to reality but with very different returns."
William Raduchel, Independent Strategic Advisor

BONUS TREND#01: SOFTWARE CONTINUES TO CHANGE FOREVER ESPECIALLY VIA THE ASP MODEL:

"All enterprise software companies will have delivered a solution that hosts their software services on the Web that companies can pay for as they use. This software model has proven viable in several industries including travel, procurement, expense reporting, human resources, customer management, and more."
Peter Harrison, VP Consulting, GetThere, A Sabre Company

"Hosted services will grow as businesses look for ways to quickly obtain results with minimal up-front monetary and human resource investment."
Michael Maziarka, Director, CAP Ventures, Inc.

"Businesses discover app subscriptions and app rentals really are cost effective as delivery barriers drop. Many major ISVs will include bundle pricing, ISPs will drop prices on pipes to stay competitive, enterprise site licenses will be cheap compared to end user licensing, and new rich client streaming technologies will all but eliminate deployment and IT costs."
Greg Bolcer, CTO and Founder, Endeavors Technology, Inc.

"ASPs/Hosted Solutions are not a Business Model. This is a delivery mechanism and will become a viable alternative to software licensing as the infrastructure becomes more reliable and robust."
Chuck DeVita, President, Growth Process Group

"Technology providers will be forced to offer their corporate customers something similar to an automobile's 5 year/50,000 mile bumper-to-bumper warranty on their products. The first major technology company to offer this will be rewarded with a large gain in market share and will set the pace for all other companies to follow. Maintenance fees will be called "extended warranty" or "insurance" after the initial period."
Tony Scott, Chief Technology Officer, IS&S, General Motors Corporation

BONUS TREND#02: MARKETING BECOMES IMPORTANT AGAIN:

"For the past 7 years, marketing had become obsolete and a necessary evil. 2004 will see marketing re-birth as an enabler and service provider to sales by helping craft customer messages (how products can be used to achieve prospect's goals) and no longer long list of feature descriptions."
Philippe Lavie, President, KeyRoad Enterprises, a CustomerCentric Selling affiliate

"Forget traditional positioning and brand-centric approaches to marketing. We're now in the 'Age of the Narrative' where the biggest challenge facing companies is how to tell communicate their story in the most compelling, consistent and credible way possible -- both internally and externally."
William Ryan, Founding Partner, Portola Strategies

"Technology partnerships and Go-To-Market partnerships will gain in importance as technology vendors formulate a clearer understanding of a customer's 'whole solution requirement'."
Glenn Gow, President & CEO, Crimson Consulting Group, Inc.

"Marketing will stay focused on blocking and tackling, great positioning and execution are essential. The two 3's will be the focus: revenue and references (reference customers)."
Karen Orton, Principal, Internet Strategies Group

"Search advertising will continue to build significant revenue for portals and will help revitalize the online advertising industry."
Karen Howe, CEO, Singingfish

About the Author (Short):
Mitchell Levy is Chairman and Partner of CEOnetworking (http://CEOnetworking.com) and Director of the Silicon Valley Executive Business Program (http://SiliconValleyPACE.com). He is a popular speaker and writer, lecturing on business and management issues throughout the U.S. and around the world.

Detailed Bio on Mr. Levy: http://ecnow.com/ml_bio.htm
Mr. Levy's Public speaking appearances: http://ecnow.com/speaking.htm
ECnow.com's media coverage: http://ecnow.com/media/

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Mitchell Levy is Chairman and Partner of CEOnetworking (http://CEOnetworking.com), an executive networking organization facilitating conversation and learning among peers and coaching executives on being successful. He is also Director of the new, innovative Silicon Valley Executive Business Program (http://SiliconValleyPACE.com) from San Jose State University and President and CEO of ECnow.com (http://ecnow.com), a Management Consulting firm helping company's transition from the industrial age to the Internet age with strategy, marketing and off-the-shelf and customized on-line and on-ground training. He is the author of the book E-Volve-or-Die.com (http://e-volve-or-die.com) and creator of the Value Framework™, a strategic framework for analyzing and creating corporate success (http://ecnow.com/value/).

Mr. Levy is the Former Chair of comdex.biz at Comdex Fall and was at Sun Microsystems for 9 years, the last 4 of which he managed the e-commerce component of Sun's $3.5 billion supply chain. He is a popular speaker, lecturing on business and management issues throughout the U.S. and around the world.

Detailed Bio on Mr. Levy: http://ecnow.com/ml_bio.htm
Mr. Levy's Public speaking appearances: http://ecnow.com/speaking.htm
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