



**CIONET**

OPINION PAPER

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**BACK TO THE  
FUTURE: LONDON  
2000/2020/2040**



Gresham college invited six prominent futurists to presents their views in 1999 on the prospects for London 2020. This May these six individuals were invited by Gresham College and Z/Zen Group to look back to 2000 and forward to 2040. The intention was to provide a possible framework for future planning. Here is a summary of my contribution.

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## Birth of the digital age - 2000

Living through the year 2000 was a white rapid ride as large organisations and individual entrepreneurs participated in the dot.com boom. As leader of e-commerce at EY I had a queue of clients at my office door desperate to capitalise on a 'once in a lifetime' opportunity to transform business and create new wealth. Included here were both winners and losers such as Amazon and Webvan. Everybody talked about 'Internet speed' as billions of dollars cascaded from corporate wallets and VC purses.

As the CEO of BP stated 'It's not about picking the horse, its all about picking the race'

But with 9/11 and the Nasdaq crash of 2001 most executives breathed a heavy sigh of relief and got back to 'business as usual'. The subsequent financial crash of 2008 sustained the corporate lethargy, focusing attention on cost and efficiency rather than innovation and growth. At the same time, a handful of start-ups (Facebook, Amazon, Netflix, Google, or FANG) began to make their presence felt as social media, smart phones and cloud took off. This was a quiet revolution that laid the seeds for the next stage of digital developments.

## Early signs of maturity - age of hyper-connectivity: 2020

By 2019 ubiquity of broadband connections and fourth generation mobile networks around the globe heralded in a new era of 'hyper-connectivity' with some two billion people accessing mail, social media, and web sites daily. By then some 20% of consumer transactions had migrated to online channels. Digital leaders (The FANG group) represented 25% of S&P market value and continued to expand revenues in double digits. Elsewhere 'analogue' businesses were barely able to keep pace with inflation, and productivity in western economies flatlined.

The COVID-19 pandemic in early 2020 accelerated the move to digital as it sent

billions of office workers to their homes and restricted families to online rather than physical shopping. Fortunately, the investment in global cloud platforms such as AZURE, Google Cloud and AWS enabled a relatively smooth transition to take place. But the divergence between incumbents and digital leader stock market values continued to widen. The former witnessing sharp declines of 20-30% and the latter enjoying increases of similar amounts since January 2020.

This divergence has profound implications. Investment is attracted by healthy returns. The prospect for large incumbents is ever gloomier as they become starved of investment capital and dividends begin to dry up. In contrast, the digital leaders can continue to fuel their double digit growth through access to 'cheap money'.

## Near horizons - hyper-personalisation and smart everything

By 2040 the global population stabilises at around 8.5 Billion, with nearly three billion living in Africa. The 'middle classes' reach 3-4 Billion, and emerging economies represent two thirds of global GDP, compared to 40% today. 80% of the global population lives in just 1,000 cities. The first trillionaire emerges, and the divide between rich and poor grows ever wider. All these factors present high levels of political, social, and economic uncertainty.

To meet some of these challenges a second wave of digital technologies such as Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning, 3D printing, Blockchain and 5G enters full scale adoption. This will set the scene for entirely new applications and a dramatic shift towards hyper-personalisation amongst the global community. Here are some predictions for this period:

- Smart 'everything' enabled by IoT and 5G will encompass wearables, connected homes and cities. Every aspect of our lives will be recorded, catalogued, and stored. Economic value will be all about the data that we generate and monetise.
- 50% of city centre office accommodation will be converted into co-living space. Large buildings become self-contained, high tech villages with shared workspace, retail, and well-being centres. Cities become self-sufficient for food, water, and energy.
- Western populations turn their hands to 'arts and crafts' enabled by 3D printing and automation. Such 'cottage industries' begin to dominate global economies and the ancient guilds of the City of London become the digital hubs for such new industries

- The City of London regains its international status by promoting a digital brand that attracts inflows of talent, money, and intellectual property. Education continues to be a growth activity, much of which is now conducted virtually across the Globe.

Polarity between rich and poor continues to haunt western democracy. But emerging trillionaires follow Bill Gate's example and invest their vast fortunes in solving world problems, leaving nation states behind in the shadows.

## Planning for a digital future

The landscape for 2030 and 2040 will be different from today. But predictions about the future have never been more difficult as large uncertainties manifest themselves such as:

- The economic and social legacy of COVID amounting to trillions of dollars of debt that could take a generation to pay off
- Growing tensions between China and the West with likely impact on global trade and sharing of intellectual property
- The effects of climate change on the global economy and the prospect of coastal erosion and flooding of major cities including London
- Possible economic apartheid where the competent are boosted by automation and advanced medications, and the less competent who are increasingly marginalised

Most organisations today undertake strategic planning as a once-a-year exercise. These plans are rarely executed, as historic assumptions persist around business-as-usual plus 3%. Post COVID this is unlikely to hold true. Instead Boards must learn to explore new scenarios and experiment with new business models. The status quo is dead.

Scenario planning is an effective tool for examining the broad envelop of future possibilities in which different options can be generated and tested. But the most compelling approach will be to adopt an agile approach that enables quarterly reviews and adjustments, backed up by a twenty-year vision.



## About CIONET

CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

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