Value Creation and Opportunity in the United States
Transformational Changes in Value Creation

Have left some behind

New Ways of Working
- More automated, more productive, instrumented, globally engaged

Distributed platforms
- Apps, 3-D printing, Kickstarter, oDesk

New Business Designs
- Horizontally-integrated operations
- “Vertically integrated” around the globe
Our worlds, enabled by technology, are becoming more and more **INSTRUMENTED** and **INTERCONNECTED**.

But, are they becoming more **INTELLIGENT**?

Is it really a **Smarter Planet**?
“Sweet Spot” of Value Migrates
And you can’t control it

Then
Value controlled by printing press
• Physical product was consumed
• Vertically integrated under one roof
• Dominated by few players

Now
Value controlled by network and apps
• Physical product is price of admission
• Distributed
• Open to many more contributors
### Value migrates

<table>
<thead>
<tr>
<th>Nation</th>
<th>% Labor</th>
<th>% A</th>
<th>% G</th>
<th>% S</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>25.7</td>
<td>49</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>India</td>
<td>14.4</td>
<td>60</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>U.S.</td>
<td>5.1</td>
<td>1</td>
<td>23</td>
<td>76</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.5</td>
<td>45</td>
<td>16</td>
<td>39</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.0</td>
<td>20</td>
<td>14</td>
<td>66</td>
</tr>
<tr>
<td>Russia</td>
<td>2.4</td>
<td>10</td>
<td>21</td>
<td>69</td>
</tr>
<tr>
<td>Japan</td>
<td>2.2</td>
<td>5</td>
<td>28</td>
<td>67</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1.6</td>
<td>70</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2.1</td>
<td>63</td>
<td>11</td>
<td>26</td>
</tr>
<tr>
<td>Germany</td>
<td>1.4</td>
<td>3</td>
<td>33</td>
<td>64</td>
</tr>
</tbody>
</table>

#### United States

- **2009**
  - **A** Agriculture: Value from harvesting nature
  - **G** Goods: Value from making products
  - **S** Services: Value from enhancing the capabilities of things (customizing, distributing, etc.) and interactions between things

Data Sources: 2008 World Fact Book, 2005 IBM Study

And all of these sector lines are blurring

\[ A = \text{Agriculture} \quad G = \text{Goods} \quad S = \text{Services} \]
The Need is Clear
to enable more Americans and businesses to create value

America’s lead in innovation is closing

Middle-class wages and job opportunities have stagnated

New business creation in the US has declined

US no longer easiest place to achieve “American Dream”
Where is value migrating to in the US and the world?

What opportunities are there for the US to lead that value creation?

What capabilities are needed for education, infrastructure or other enablers?
What are Key Practices for Creating Value in today’s world

<table>
<thead>
<tr>
<th>Build in intelligence?</th>
<th>Be multi-disciplined?</th>
<th>Cultivate “grit”?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage information</td>
<td>Design</td>
<td>Act with persistence</td>
</tr>
<tr>
<td>Understand a compelling need</td>
<td>Business acumen</td>
<td>Encourage ambitious goals</td>
</tr>
<tr>
<td>Market and customer insights</td>
<td>Engineering &amp; technology</td>
<td>Discourage fear of failure</td>
</tr>
<tr>
<td></td>
<td>Social sciences</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ability to change?</th>
<th>Be collaborative?</th>
<th>Something else?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand inevitable trends</td>
<td>Create the best teams</td>
<td>…</td>
</tr>
<tr>
<td>Pre-empt threats</td>
<td>Design for inclusiveness</td>
<td></td>
</tr>
<tr>
<td>Lead continuous learning</td>
<td>Open to anyone with a needed piece of the puzzle</td>
<td></td>
</tr>
</tbody>
</table>
Catalysts for Positive Change

Enabling more Entrepreneurs?

Connection?
of on-demand teams of creators, funders, and customers

Designing our enterprises and economy to be more Inclusive?

Continuous Education?
to allow everyone to keep up with technology change
Moving Forward

 Lead positive change

 All hands on deck: business, education, government

 American competitiveness can best be defined as the capacity of Americans to add value to the world economy and, thereby, gain a higher standard of living ”