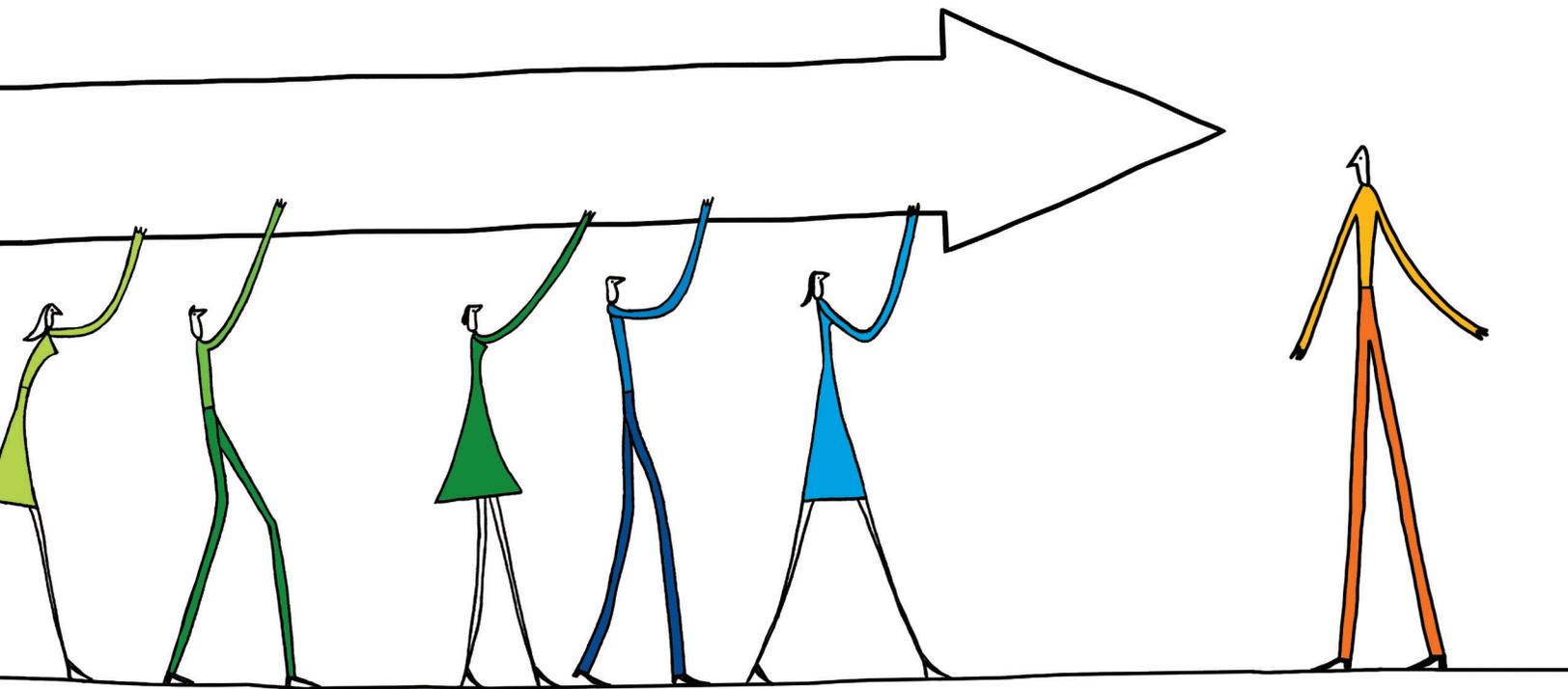


The Customer's Customer

Thanks to technology, consumers today are no longer trapped on the receiving end of the value chain. Never in history have we witnessed so much power in the hands of customers. With instant access to peer reviews, competitor offerings, and prices, today's customers increasingly bypass existing business models in favor of their unique requirements and whims.



The SAP Center for Business Insight discovers and develops new research-based thinking to address the challenges of business and technology executives.

Personal Empowerment

The Customer's Customer

Resource Optimization

Business Networks

Customers are advocating for new products and services while openly and instantly communicating their likes and dislikes. Customer passivity is a thing of the past. They are exerting their power in four ways:



- **The convergence of physical and virtual experiences.**

If click and mortar offered consumers the first glimpse into a converging physical and online world, the next wave of technology innovations, such as embedded sensors or Google Glass, promise to merge the two worlds into one. Consumers in Seoul, for example, can now use their mobile phones to shop for groceries from virtual stands at subway stations and have the physical goods delivered directly to their homes. Technology innovation is opening the door for businesses to invent entirely new experiences that allow their customers to seamlessly traverse the online, mobile, and physical worlds.

- **A new age of engagement.**

A walk down any aisle of an electronics store reveals customers sampling products on shelves while comparing, discussing, and purchasing them on mobile devices. More products will be smart; that is, they will remember how, how often, and where they are used, offering massive amounts of information to their producers and customers alike. Using big data analytics, businesses can uncover unseen opportunities, even predict their customers' next moves, to delight in ways never possible before.

- **The arrival of the prosumer – finally.**

The idea that consumers can help design and produce the products they consume has been around for almost 20 years. With the increased adoption of cloud and mobile technologies, we have reached a tipping point where customers can, and in fact demand, to be active contributors in the value chain. For example, consumer product companies are crowdsourcing new product designs from their consumers. Even advertisers are increasingly turning to the public to help them create their next big hit commercials.

- **A true make-for-me future.**

The days of mass marketing and prepackaged products and services are numbered. Today's customers increasingly reject one-size-fits-all business models in favor of their unique requirements. They expect everything to be tailored to their individual needs and will quickly go elsewhere when it is not. The future will be one of hyperpersonalized, make-for-me products and services.

Companies will have to actively engage and co-innovate with customers across the entire value chain and extract insights from ever-increasing data streams – increasingly in real time – to keep pace with the revolution in customer power.

Why We Wrote This Series

Throughout history, breakthrough innovations have pushed individuals and civilizations forward. Today's technologies – mobile, social, big data, and cloud – are the modern-day equivalents of Gutenberg's historic printing press, giving individuals new ways to express themselves and interact with their worlds. Whether as customers, employees, partners, citizens, or consumers, **individuals are once again at the center of massive change.**

Yet even the most basic changes can arrive unnoticed. If you'd asked a typical Venetian in the 1400s if he was feeling the Renaissance yet, you'd have been met with a blank stare. Change was everywhere, but its true importance wouldn't be understood for generations.

Fast-forward to today and we find ourselves living in a new renaissance: an era when the availability of vast amounts of real-time information promises a better-run world. In this new world, businesses will be able to drive higher economic output, and society, connected globally as never before, has the potential for significant improvement for all of its citizens, from the

wealthy to the impoverished. Just as the Renaissance propelled civilization out of the darkness of the Middle Ages and into the Enlightenment, today we have the possibility to be thrust into a new kind of enlightenment, one that balances the needs of a global citizenry and business community with the resources of a healthy planet.

In this series, we examine how new technology is reshaping the way businesses and governments engage with their customers and citizens, empower and inspire their employees, optimize their resources in real time, and harness the potential of social and business networks.

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