



MONITOR GROUP

2004

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Scenario Thinking:

Planning for the Future in Times of Uncertainty

GBN Global Business Network

a member of the Monitor Group

Thank you to interviewees

Caspar Bowden

Ann Cavoukian

Richard Hunter

Bill O'Brien

Richard Owens

Giuliano Zaccardelli

Change is not new

“We are living in a period of most wondrous transitions....”

PRINCE ALBERT, 1851



Change is happening more rapidly than in the past

“ ...We are squarely in the midst of the most amazing upsurge of knowledge and wealth ever seen on Earth. And that trend is —for the first time in human history— irreversible”

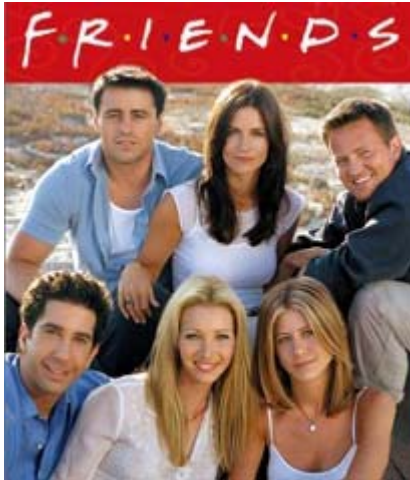
JULIAN SIMON
***WIRED* MAGAZINE, APRIL 1998**

Rapid change foments uncertainty and confusion

**“ There are known knowns.
There are things we know we know.
We also know
There are known unknowns.
That is to say
We know there are some things
We do not know.
But there are also unknown unknowns,
The ones we don't know
We don't know.”**

**Donald Rumsfeld: Feb. 12, 2002,
Department of Defense news briefing**

What Year is This?



***Friends* debuts**
NBC
“Must See TV”
Thursdays

The North American
Free Trade Agreement



**President
Clinton
Signs
NAFTA and
GAAT**



**North Korea
Signs No-Nuclear
Agreement with
US**

**Kremlin Accords
Signed**

What Year is This?



YAHOO!

amazon.com.



**Netscape, Yahoo,
Amazon.com, and
Redhat Linux are
founded**

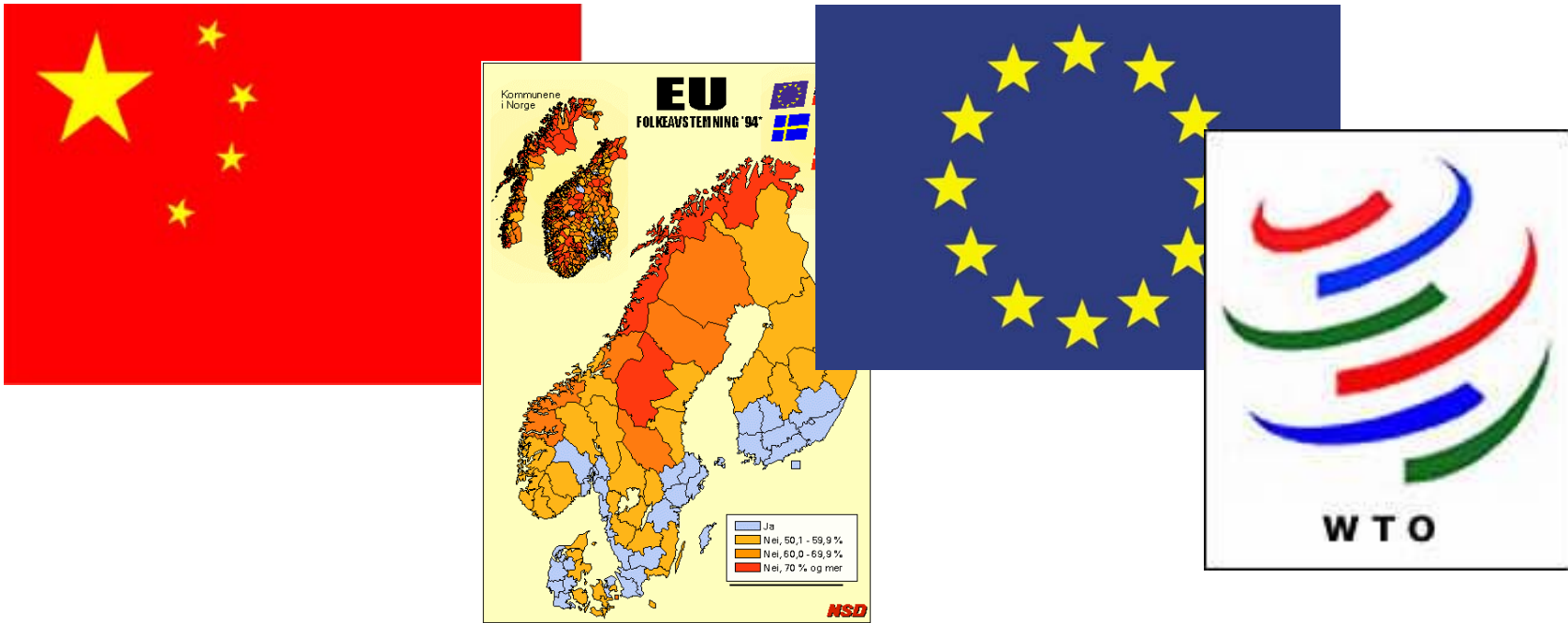


**NASDAQ
surpassed NYSE
in trade volume**

ORACLE®

**Oracle opens India
Development
Center, one of the
first MNCs to do so**

What Year is This?



China criticized for human rights abuses, loses bid for 2000 Olympic Games

WTO established

1994

1994: Where we thought we were going

We watched NBC on Thursday nights

The world was on a road to peace

Globalization was ramping up

Corporate innovation was creating value and wealth

We were getting connected by the WWW

2004: Where we are now



**2 million TiVo
subscribers**



**Apple's iPod
generates almost
\$2 billion of
revenue**



**Linux takes
15% of server
market**

**iTunes downloads
exceed 100 million**

2004



Bush Doctrine
US waging War
on Iraq &
Terrorism



North Korea
threatens war
over possible
sanctions



Corporate
governance
scandals:
Enron,
WorldCom,
Martha Stewart

2004: Where we are

US power and legitimacy are challenged

Terrorism is a global concern

Open source is thriving in corporations

New technologies are threatening established systems

A Change In the Nature of Change

**From accelerating and optimistic...
to chaotic and anxious**

**From living through a transition...
to living with messy uncertainty**

**From “shooting the rapids”...
to being “lost at sea”**

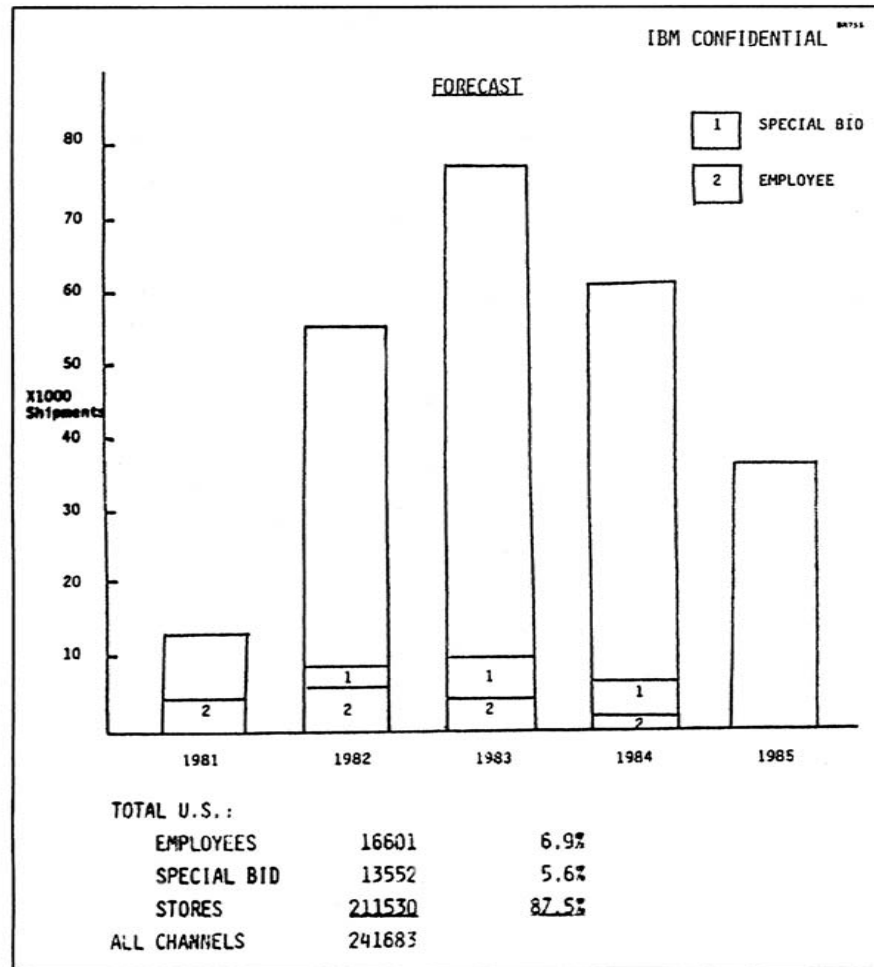
Wharton Research: Executives feel their organizations do not devote sufficient resources to managing uncertainty



Doug Randall and Paul Schoemaker, Wharton

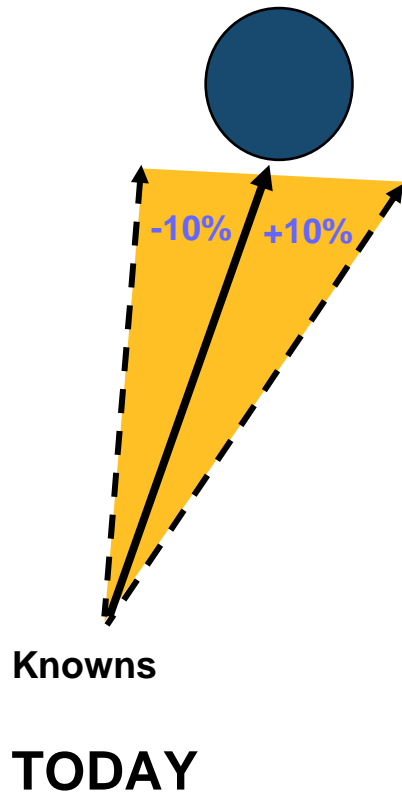
The perils of ignoring driving forces

IBM Projections for PCs: The \$300+ Billion Forecast

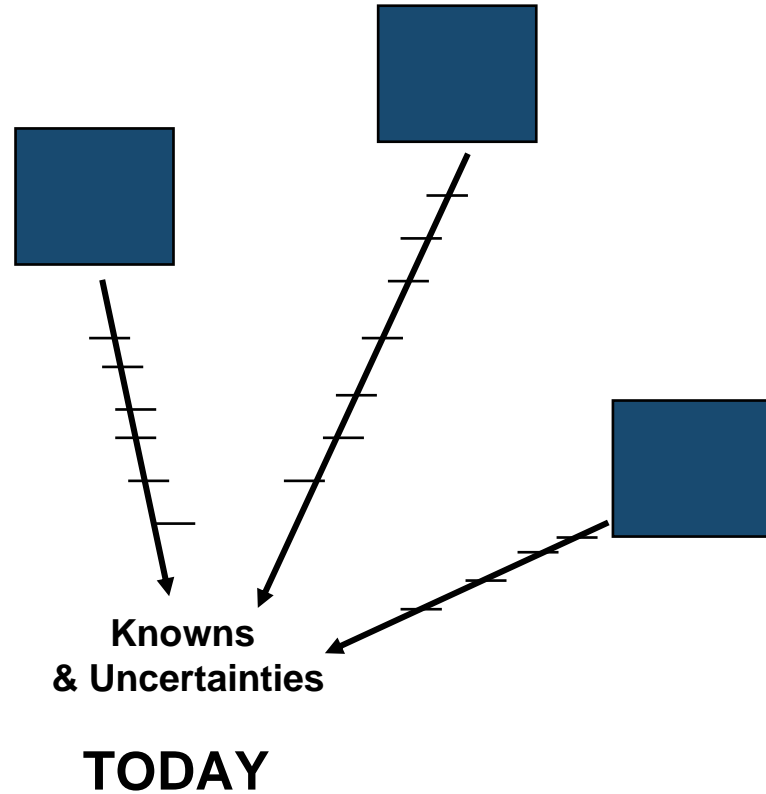


Multiple Futures, not Predictions

Forecast Planning *Planning for One Future*



Scenario Planning *Planning for Any Future*



Basketball Video

- **There will be two teams**
- **Please count how many passes the WHITE team completes**

Perception Matters

According to a research at Cambridge University, it doesn't matter in what order the letters in a word are

the only important thing is that the first and last letter be at the right place.

The rest can be a total mess and you can still read it without problem.

This is because the human mind does not read every letter by itself, but the word as a whole.

Scenario Rules of Thumb

Scenario thinking helps us overcome cognitive biases and make better decisions

#1: Missing the Gorilla

#2: Overconfidence

#3: Acting on Untested Assumptions

#4: Thinking Inside the Box

#5: Singularity of Perspective

Different Approaches to Grappling with the Future

Solving Uncertainty: Researching,
forecasting, predicting, systems analysis,
aligning constituents

VS.

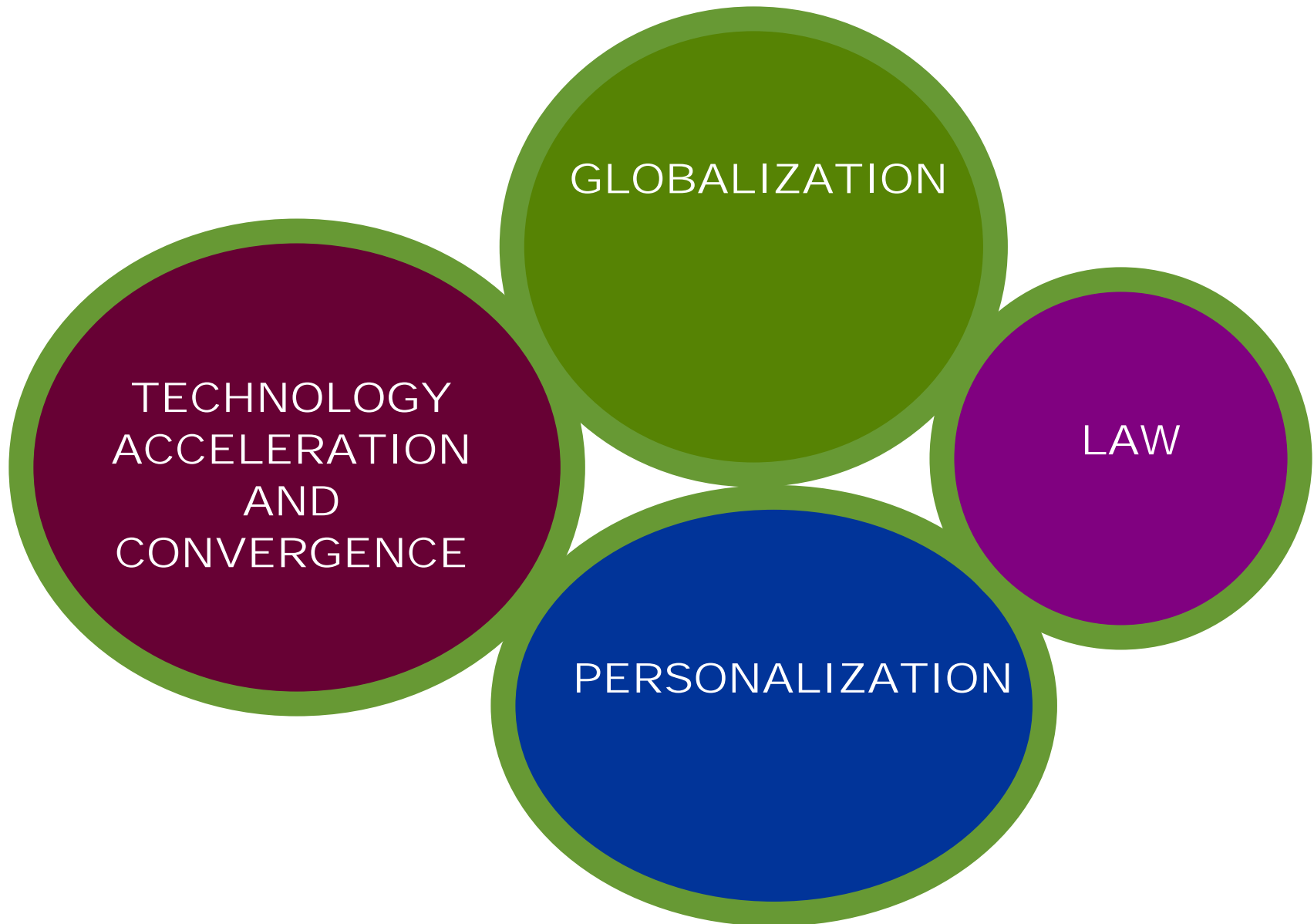
Revealing Uncertainty: Dialoging,
conversing, learning, imagining, finding
unique perspectives

The Power of Scenarios

Revealing Uncertainty:

- ✓ **Communicating what's known and unknown**
- ✓ **Imagining possibilities rather than known probabilities**
- ✓ **Uncovering motivations rather than current behavior**
- ✓ **Experimenting rather than placing large bets**

Four Forces of Change



Technology Acceleration and Convergence

We're becoming more connected, more networked and more vulnerable



TECHNOLOGY
ACCELERATION
AND
CONVERGENCE

- **Proliferation of mobile devices**
- **Progress toward quantum computation**
- **Rise of open source**

Technology Acceleration and Convergence



Globalization

Interconnected and interdependent global economies create great wealth and unforeseen vulnerabilities



- **Interdependent markets**
- **Expansion of outsourcing and offshoring**
- **Decentralized corporate structures**

Globalization: Encryption Export Controls

GLOBALIZATION

Bureau of Industry and Security
U.S. Department of Commerce



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[Home](#) > [Policies and Regulations](#) > Encryption

COMMERCIAL ENCRYPTION EXPORT CONTROLS

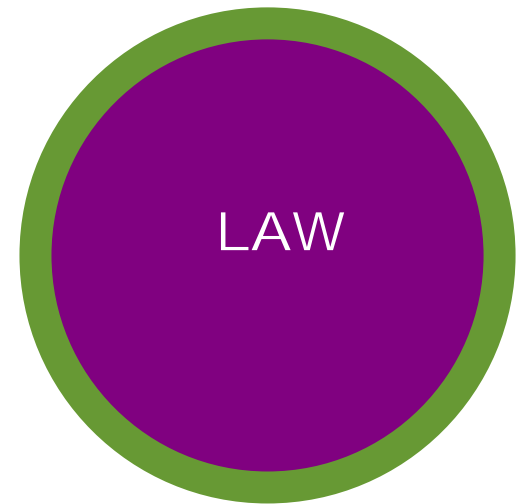
Export and reexport controls on commercial encryption products are administered by the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce. Rules governing exports and reexports of encryption are found in the Export Administration Regulations (EAR), 15 C.F.R. Parts 730-774. Sections 740.13, 740.17 and 742.15 of the EAR are the principal references for the export and reexport of encryption items.

[Regulations](#) - encryption rules published by BIS since export control jurisdiction was transferred from the State Department to the Commerce Department in 1996. This includes the most recent updates dated June 17, 2003 and June 6, 2002.

Law

The laws to keep us secure, free and protected

- **Heterogeneous regulatory environment**
- **Enforcement**
- **Commercial policies**



Law: USA PATRIOT Act



Preserving Life & Liberty

We hold these truths to be self-evident, that all men are created equal that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted...

— Declaration of Independence

Major Speeches

Dispelling the Myths

Passed by Congress

Congress Speaks

Support of the People

Stories and Articles

Responding to Congress

Text of the Patriot Act

Anti-Terror Record

Department of Justice Website

Just Released: Delayed Notice Search Warrants: A Vital and Time-Honored Practice in Fighting Crime

Field Report on the PATRIOT Act

The Department of Justice's first priority is to prevent future terrorist attacks. Since the passage following the September 11, 2001 attacks, the Patriot Act has played a vital role - and often the leading role - in a number of successful operations to protect the lives of Americans from the deadly plans of terrorists dedicated to destroying America. While the results have been important, in passing the Patriot Act, Congress acted for only modest, incremental changes in the law. Congress simply took existing legal principles and retrofitted them to preserve the lives and liberty of the American people in the face of the challenges posed by a global terrorist network.

LAW

[PDF version](#)

The USA PATRIOT Act: Preserving Life and Liberty

(Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism)

Personalization

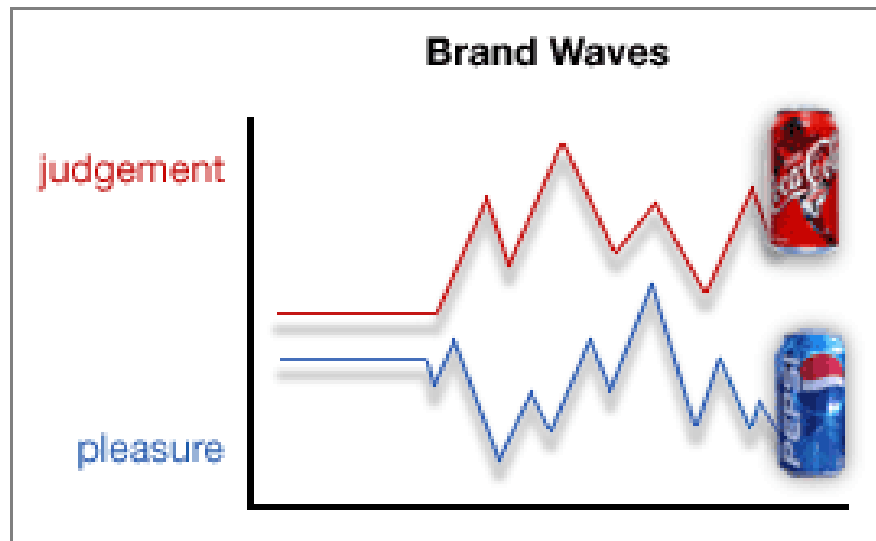
The logic of consumer choice is challenging our desires for privacy

- **Mass customization**
- **One-to-one marketing**
- **Increasing data collection practices**

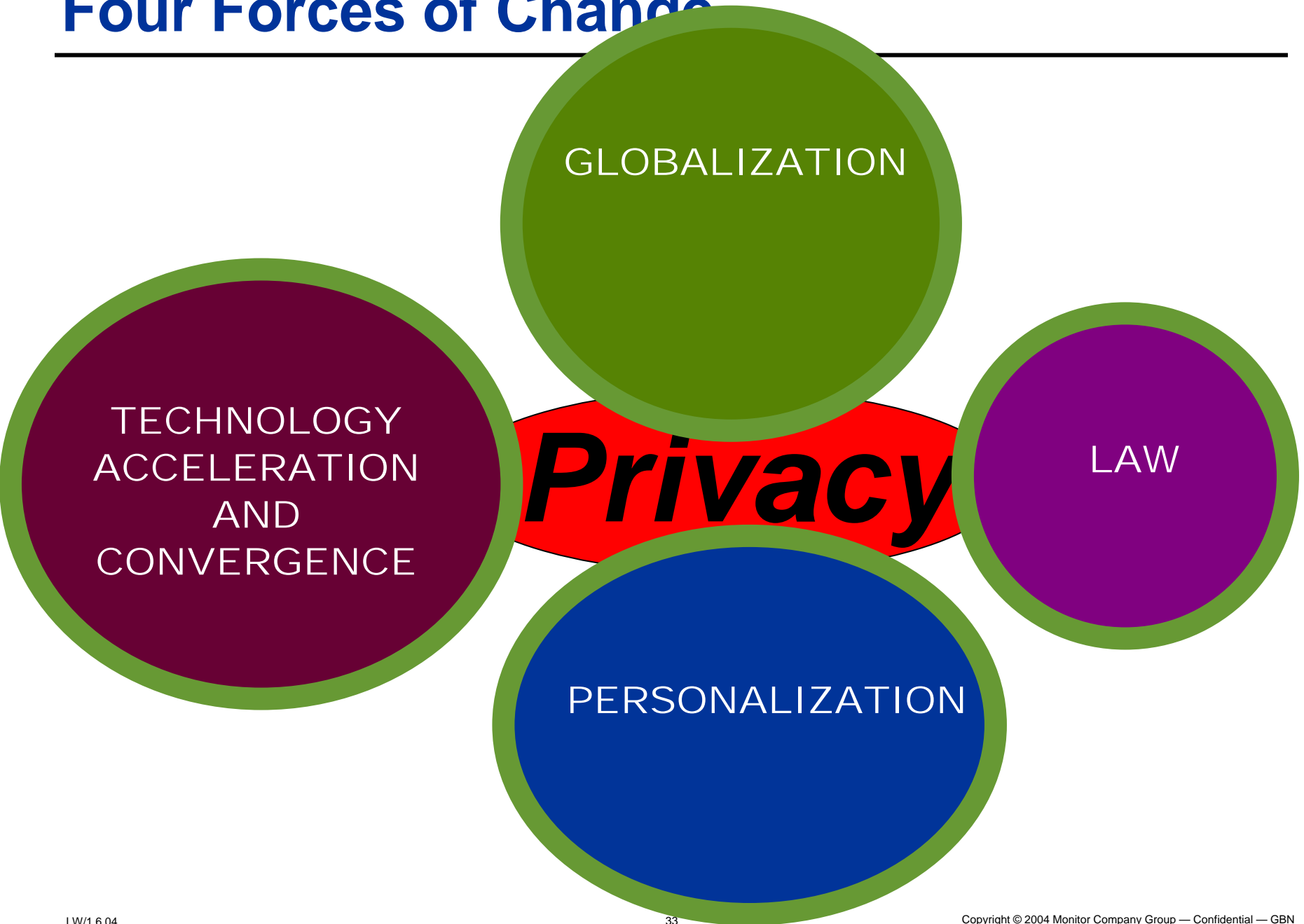


Personalization: Brain Science Meets Marketing

Neuro-Marketing



Four Forces of Change



GLOBALIZATION

TECHNOLOGY
ACCELERATION
AND
CONVERGENCE

Privacy

LAW

PERSONALIZATION

**What will our approach (es)
to privacy be in the future?**

Informed by many driving forces:

Threat of terrorism
 IT industry consolidation
 Degree of information sharing in healthcare
 Privacy enforcement
 Acceptance of new technology
 Consistency of privacy regulation and enforcement
 Regulation
 Internet security
 Next generation attitudes toward privacy
 Rate of technology adoption
 Global IP rights and enforcement
 Impact of values on corporations
 Focus of US foreign policy
 Gap between rich and poor
 Fundamentalism
 Overall Zeitgeist and social mood
 Emerging technologies
 Shocks and threats
 Geopolitics
 Quantum key encryption
 Increasing personalization and customization
 Turbulent, divided, risky world -- security issues and risk management more important
 Increasing demand for corporate transparency and responsible governance
 Open source
 Digital rights management (DRM)
 Labor markets
 Government-funded security research

Scenario 1: Control the Problem



- Rigid boundaries are essential for defending technological and social systems from inevitable, constant attacks
- Secure perimeters must be drawn for business to succeed in an insecure world
- Credentialing and certification are necessary for verifying identity and conducting secure transactions
- Primary motivators in this world are minimizing risks and maintaining status quo

Scenario 2: Resist the Evil

**earth liberation front
.com**



Every Night is Earth Night!

- Reactionary world; privacy is paramount and technology is not to be trusted
- Potential government privacy abuses seen as more threatening than terror attacks
- Slow uptake of privacy tools: identity management systems seen as compromises
- With little trust in institutions, many individuals actively withdraw from citizen rights and responsibilities
- High friction in conducting business transactions due to lockdown on data sharing

Scenario 3: Surrender



- Convenient customer solutions
- Overwhelming complexity of business and security environment leaves customers looking for trusted partners
- Preferred vendors manage transactions in exchange for seemingly unfettered access to personal data
- Massive data collection/sharing networks enable radical new services
- One-way information transparency leaves individuals with little control over personal data – or knowledge of how information is used

Scenario 4: Aikido



The screenshot shows the LinkedIn homepage. At the top, there's a navigation bar with tabs for Home, Search, Profile, Address Book, Network, and Requests. Below this is a secondary navigation bar with Home and Account. The main content area features a 'Reconnect With Colleagues' section with a 'Find your Colleagues' button and a 'Use Your Network' section with a search bar and a 'Find colleagues' button. A sidebar on the right contains a profile snippet for a 'Practice Associate at Global Business Network'.

- Sharing of personal data is negotiated on a case by case basis
- Privacy becomes a commodity based on emerging supply and demand
- Individuals make transaction decisions based on two-way information transparency
- Market forces and new business opportunities effectively enable a spectrum of privacy regimes, rather than one size fits all
- Emergence of a privacy currency

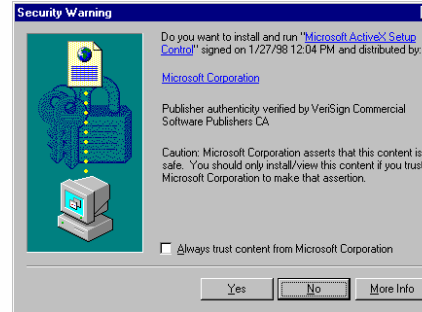
4 Scenarios



earth liberation front
.com



Every Night is Earth Night!



Control the Problem Resist the Evil

Surrender

Aikido

Is your organization planning for one of these scenarios or many?

How big a risk is it if the scenario you're planning for doesn't come true?

Are there opportunities for you to succeed in all scenarios?

Are some of these futures transitional and some locked-in?

From Thinking to Acting: The Scenario Process

Continuing the conversation this afternoon...

Exploring the Future

Identify those 4-5 "drivers of change" that when combined articulate your group's "official future"—the future that you implicitly expect will unfold.

- Use a combination of 3 critical uncertainties and 1 locked-in element.
- Record your drivers of change in the boxes below.

Official Future

Critical Uncertainty

Critical Uncertainty

Critical Uncertainty

Locked-In Element

Generate scenarios

CHALLENGING
 DIFFERENT.

- Create
- Use
 - Record your drivers of change in the boxes below.
 - Name your scenario once you've created it.

Scenario Name: _____

Critical Uncertainty

Critical Uncertainty

Critical Uncertainty

Locked-In Element

Scenario Name: _____

Critical Uncertainty

Critical Uncertainty

Critical Uncertainty

Locked-In Element

Building the Scenario

1. Record your 3 critical uncertainties and 1 locked-in element in the boxes below:

Critical Uncertainty

Critical Uncertainty

Critical Uncertainty

Locked-In Element

2. Choose 5 adjectives that best describe this world in 2014:

3. What evidence exists today that this scenario is a credible possibility?

4. What key events leading up to 2014 would we witness as this scenario unfolds?

Build out the causes, drivers, and logics of change

5. Imagine it's 2014. How would you describe the world?

Geo-political Context:

Business Context:

Technological Developments:

Social Context:

Government/Regulatory Context:

State of Privacy Advocacy

Implications

1. In your scenario, what are the implications for the following stakeholders?

STAKEHOLDERS:	IMPLICATIONS	HOW DO THEY ADAPT?
Government and policy makers		
Privacy establishment		
General business		
Information technology companies		
Citizens		
Law enforcement		
Media		

2. What are the implications and implications for the diverse

3. Consider
imp.

3. Reflect on your scenario and its implications. What two messages do you want to share with the other teams?

Map out the implications of each scenario for various stakeholders



“The real voyage of discovery consists not in seeking new lands, but in seeing with new eyes.”

Marcel Proust

Thank You

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