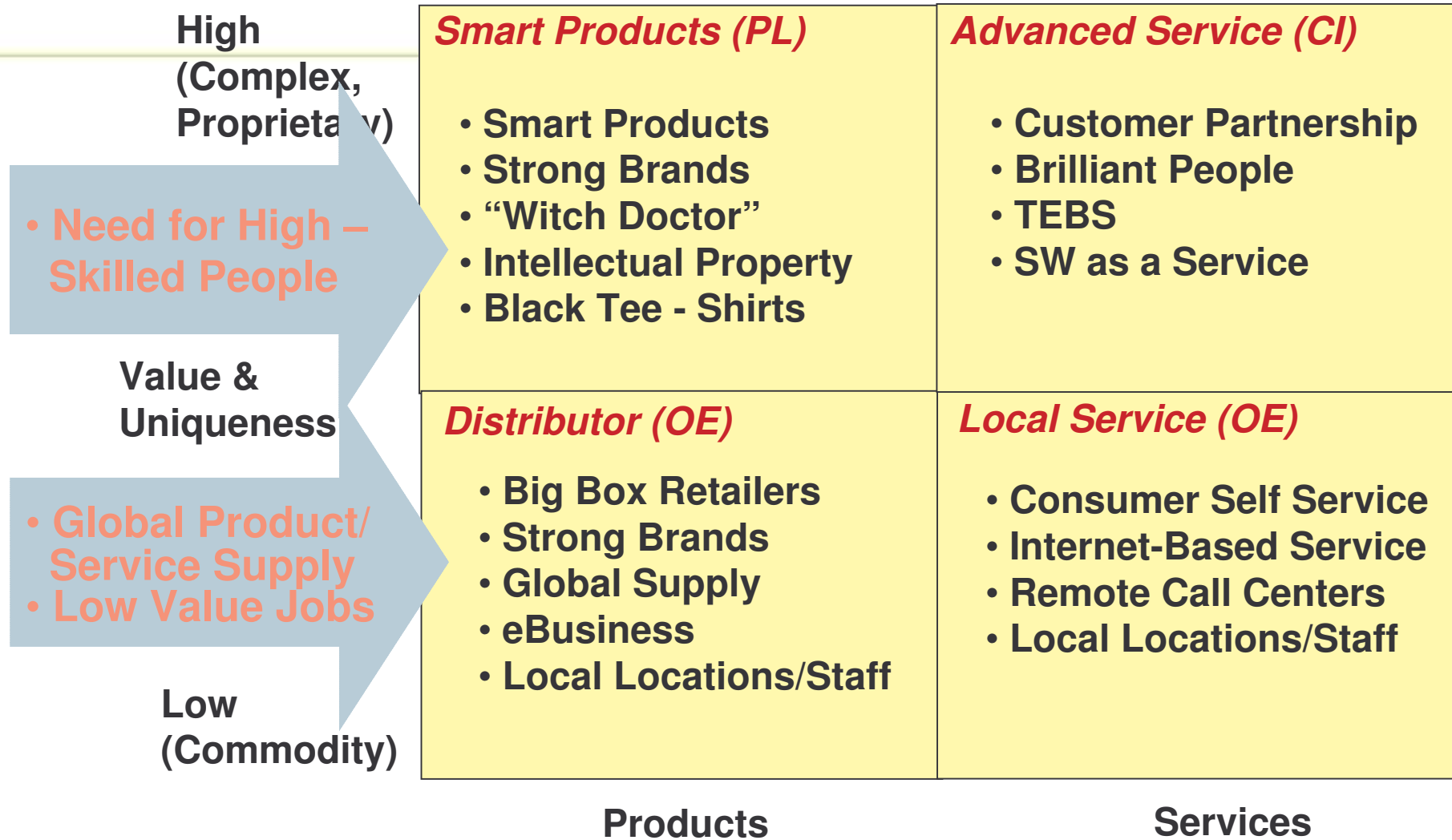


The Context of GBO Insights from LEF Research

The Emerging Two - Tier Economy; Where Will The Netherlands Play?



• Need for High – Skilled People

• Global Product/Service Supply
• Low Value Jobs

Competition and M & A are Driving Complexity

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- **Relentless search for value and differentiation in saturated markets**
- **Increased specialization**
- **Customer-specific solutions**
- **Ever more product/service variations**
- **Increased functionality, much of it delivered through IT**
- **Desire to offer complete solutions across the specialties**
- **Buying our way into new markets**

Most Firms Are Choosing to be Specialists or Integrators

4

Specialists

Niche markets

Clear offerings

Core competencies

Price/performance

Rapid change



Integrators

Broad markets

Complex offerings

Integrated capabilities

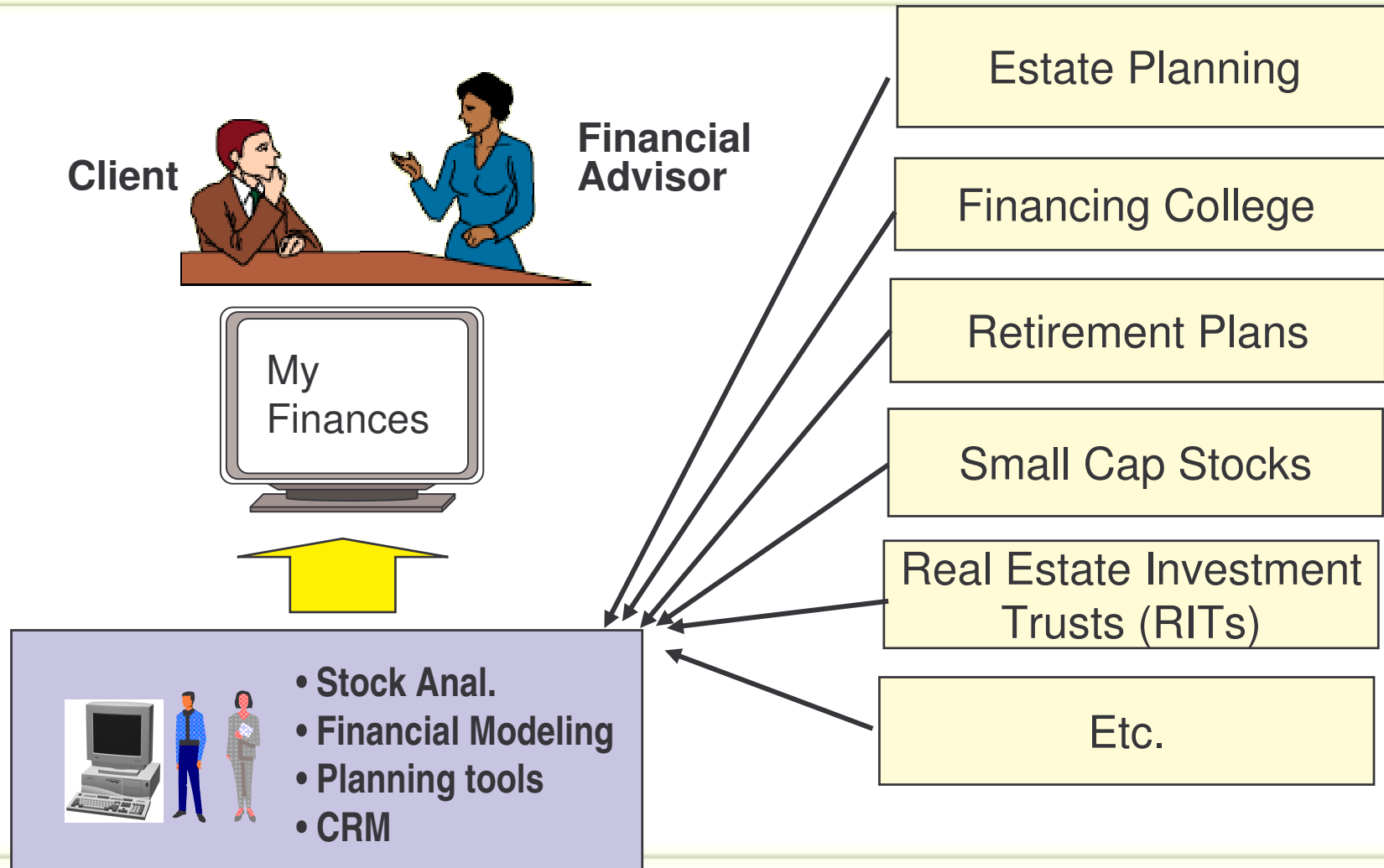
High switching costs

Managed change

Success is Managing Complexity for the Customer and Getting Paid for it

5

Example: American Asset Mgt Business

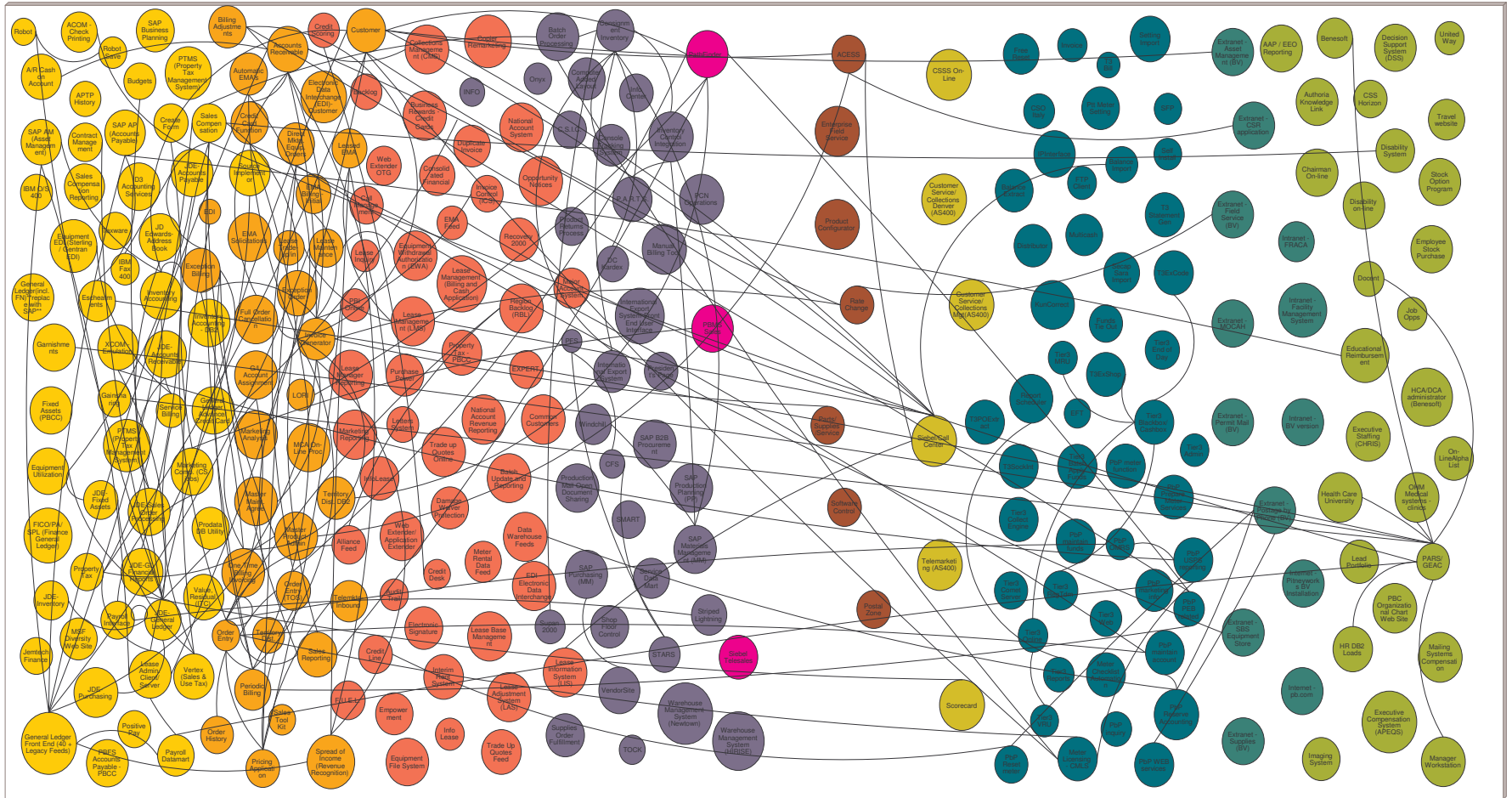


Specialists Sell Good Complexity: The Apple iPod

6

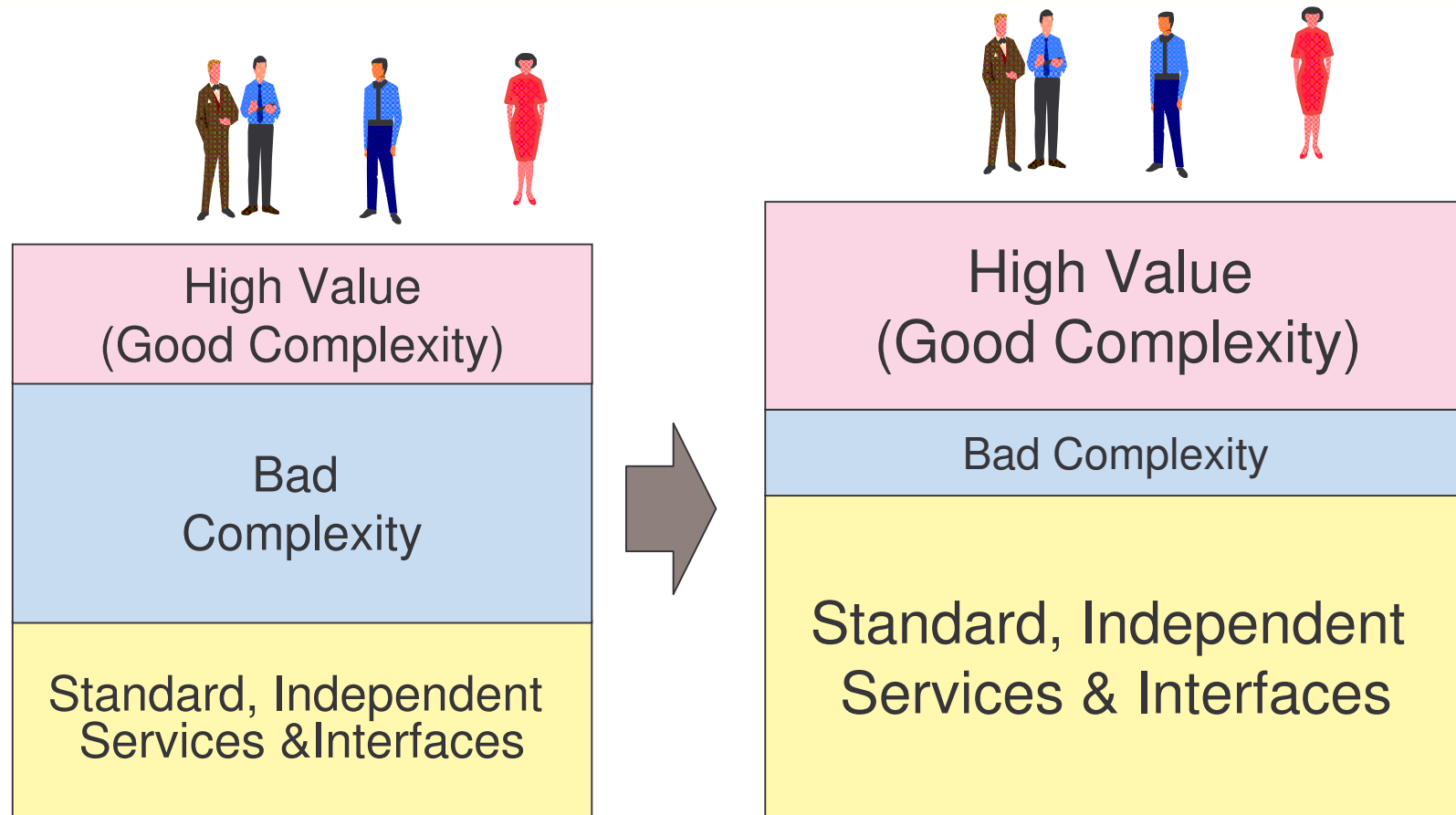
- **Easy to use, flexible**
- **Excellent human factors**
- **Layers of functionality**
- **Enormous complexity, but out of sight and managed**
- **“Witch doctor” quality**
- **Proprietary**
- **Value priced**





How the Best Organizations are Managing Complexity

8

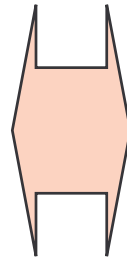


IT's Two Worlds

9

Black Tee - Shirts

- IT-enabled products and services
- Adventure, innovation, and risk
- IT staff integrated with business
- Impatient with Central IT, want to do their own thing
- The future

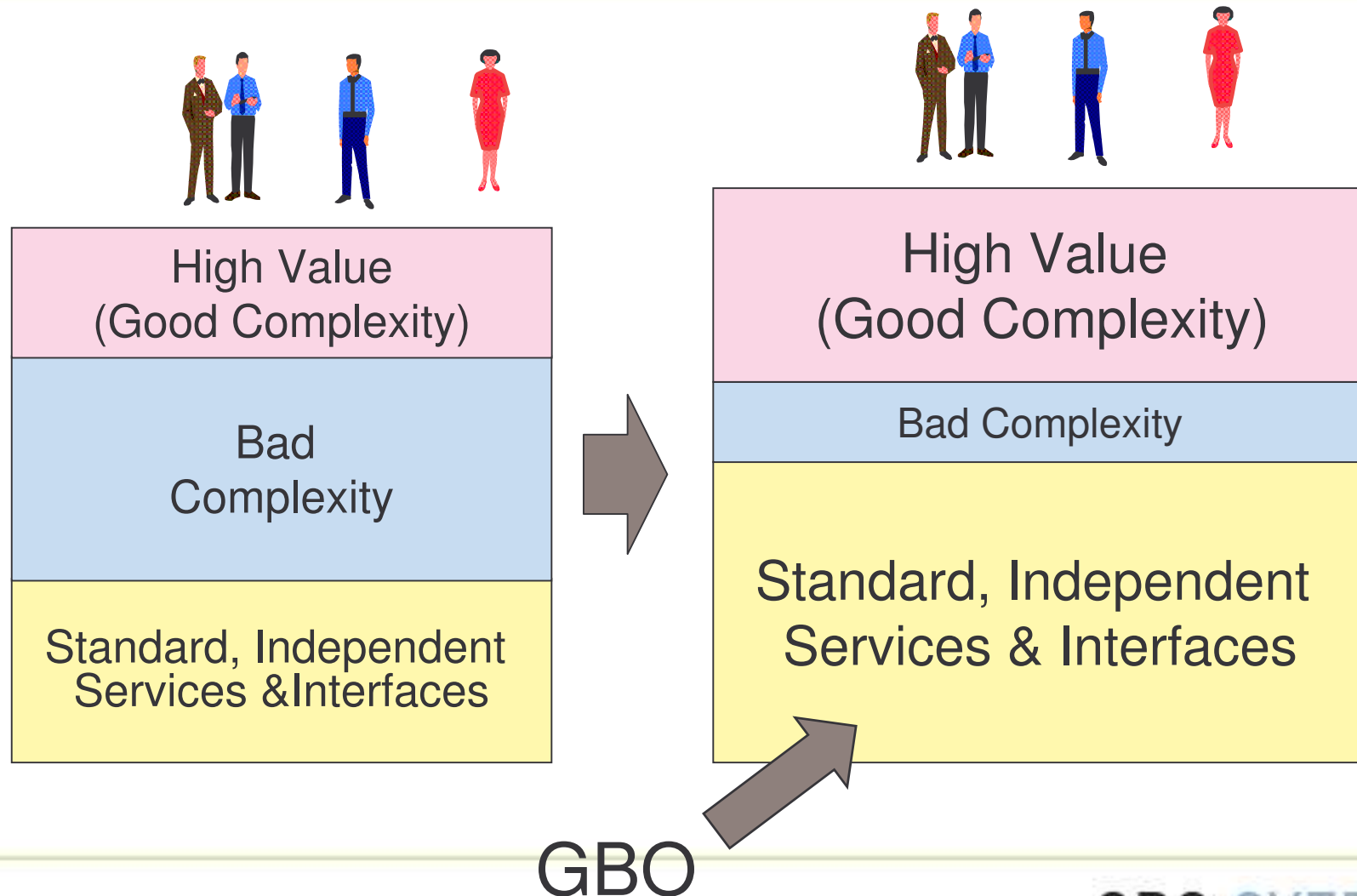


Traditional IT



- ERP, financial control, and minding the store
- Careful culture of control and risk-avoidance
- IT organized into a shared service unit
- Managing the legacy monster, but this is also job security
- The past; seeking a future

How GBO Helps Holland



The Context of GBO – Key Points

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- **The Netherlands is competing to provide high value products and services in a globalizing world**
- **Dutch firms need to become effective and efficient specialists and integrators**
- **We need more good complexity, and less bad complexity**
- **GBO can help the government, and Dutch firms, manage the complexity and cost of generic IT services**