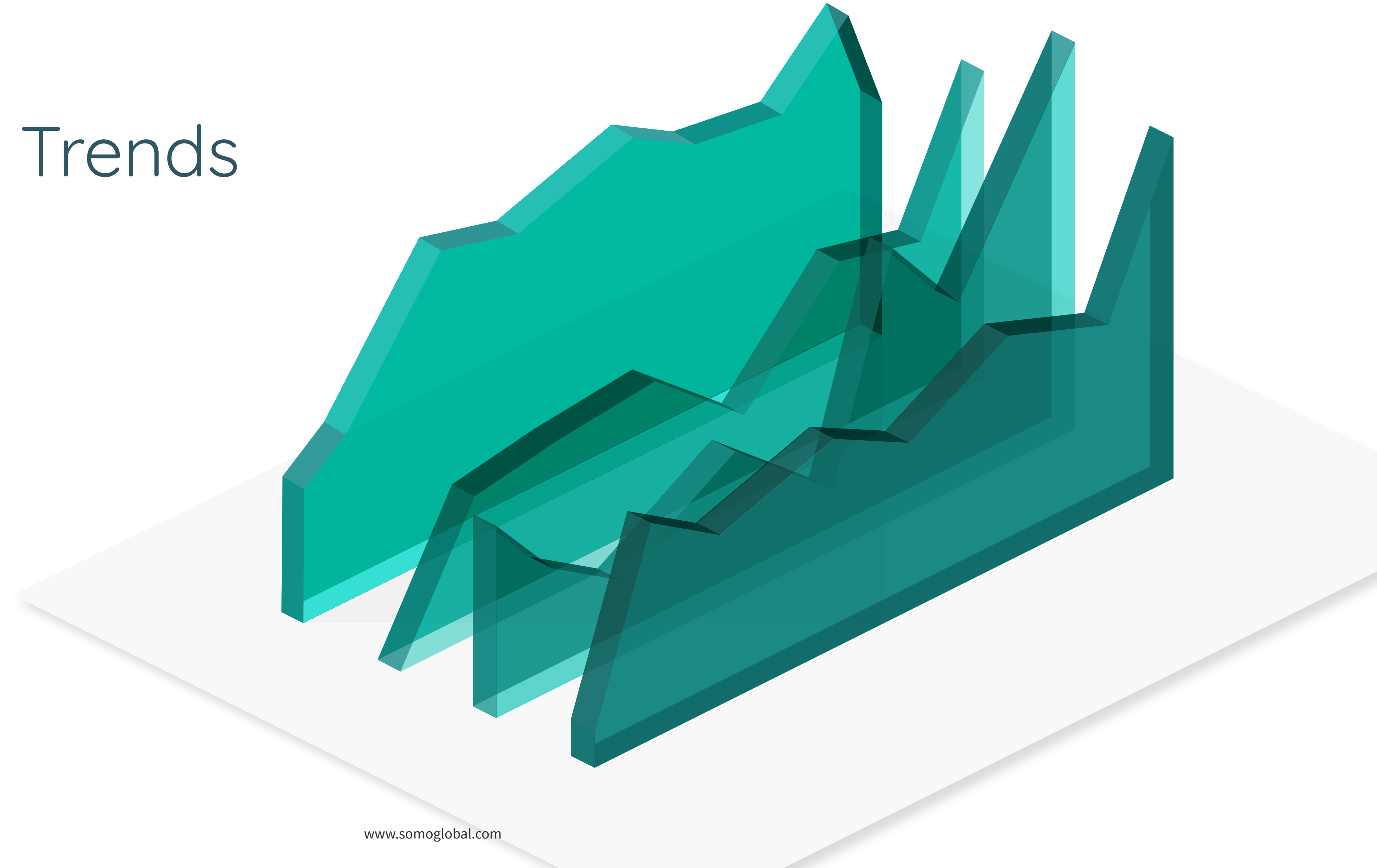


2018 Somo Trends

Our collective thoughts on digital trends that will impact business and society in the year to come



INTRODUCTION

2018: the Year the Disrupters Self-Disrupt

Innovation will remain a driving force in 2018 for both startups and previous disrupters, such as Google, Facebook, Amazon and Apple. In order to maintain an ever-increasing lead, they'll be driven by the speed of innovation and their ability to self-disrupt.

Artificial intelligence's ever-increasing rise will push automation to become a reality, from logistics to customer-facing tools.

No longer is the focus on single-device design. A heightened emphasis on customers and context will lead to end-to-end integrated experiences. For businesses, viability, customer retention and strategic positioning are all on the line.

Some businesses will struggle painfully with new processes, cultures and technology – all three combining to create the perfect storm. Even the most agile business

will feel the pressure to constantly evolve and keep up.

Over time at Somo we've built layer upon layer of experience, knowledge and expertise, continually adding new themes, or 'sightlines', to our vision to keep us, and our clients, future-facing.

Welcome to 2018.

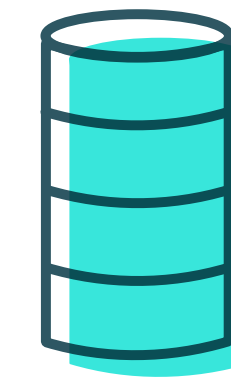
Welcome to our new sightlines.

Sightlines 2018: Changing the Way We Think

Six areas that will drive change and
push businesses to rethink



Interface Humanisation



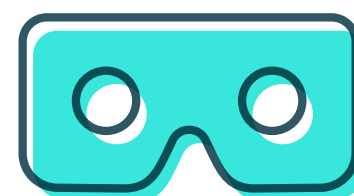
Owning Data



Contextual Relevance



Monopoly Integration



Immersive Engagement



Culture Reset

Sightlines





SIGHTLINE ONE

Interface Humanisation

We started with punchcards (the most mechanised of interfaces) and have evolved via typing, the humble mouse (GUI) and touch.

Through silent evolution, we've reduced, enhanced and humanised the computer's interface.

Now, the interface becomes the most human yet through the exponential adoption of voice recognition software. Gartner believe that in 2020 30% of

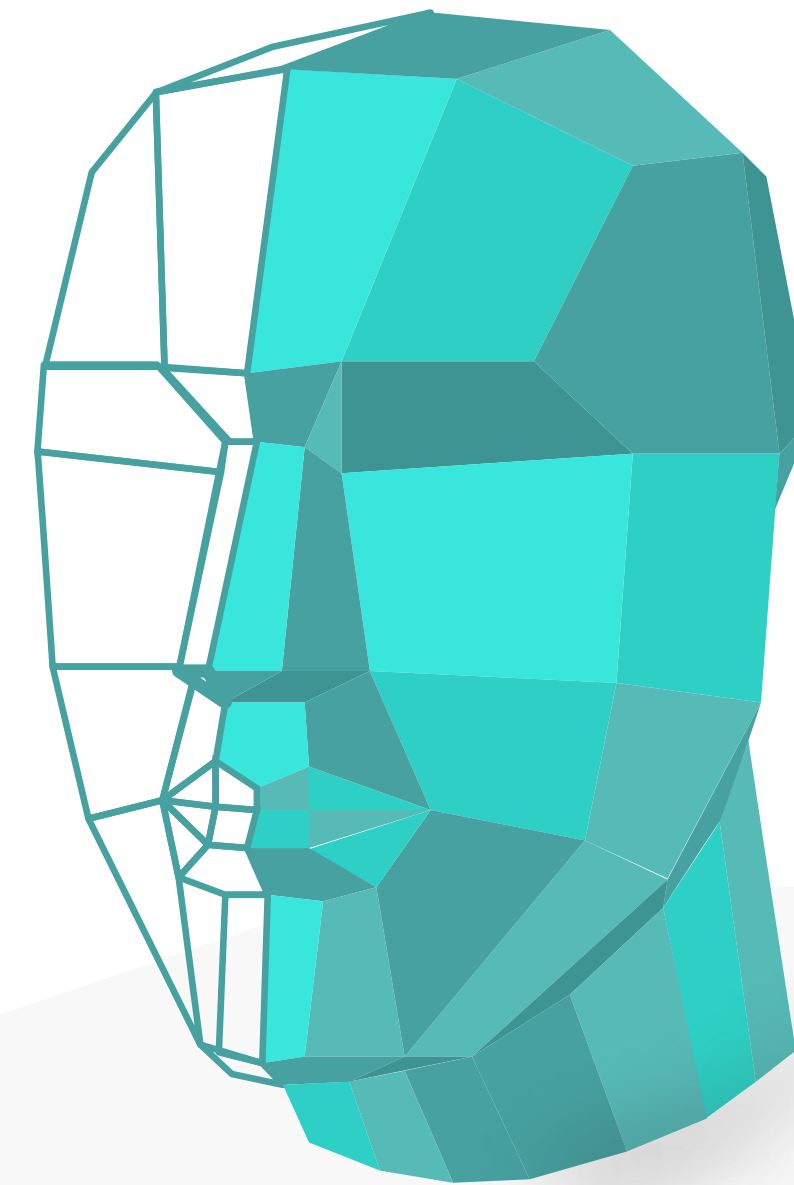
web browser sessions will be conducted by voice (Nativemsg, Nov 2017).

Interactions with technology in 2018 will sync with our behaviour.

As home-based and on-device assistants become more intelligent, expect to see further acceleration of adoption. Watch the new internet experience of the next 5 to 10 years unfold as AI continues to meet demand for improved contextual

conversations and user experiences. Efficient, correct chatbot interaction is expected to increase from just 20% in 2017 to 93% in 2022 (Gartner, May 2017).

Businesses success in 2018 will stem from getting even closer to consumers, emulating and harmonising with their behaviour regardless of context.





Businesses offer multiple interface options

Interfaces increasingly embrace all human senses. Advances in AI empower machines to understand language, voice, images and even brainwaves.



Everything becomes an interface

Brands must offer multiple interface options. Wearables, mobile and Internet of Things have increased the number of digital interfaces around us. Even walls and non-smart objects can now be transformed into a touchscreen thanks to technologies pioneered by startups like Welle and Elecktik.

The rapid evolution of the digital space around us places an even greater need to be customer-obsessed.

Conversational UI continues to grow

Conversational UI is also rapidly growing thanks to the over 100,000 bots deployed on the top four messaging apps, a major platform for reaching and communicating with consumers.

Voice becomes ubiquitous

This year we have seen an increased presence of Voice UI in the form of personal assistants such as Alexa, Siri and Cortana. Voice communication is natural and practical for us. While not suitable for all contexts, voice has already created two completely new browsing experiences: the car and the home. No surprise, then, that in May 2016 voice-based searches already accounted for 20% of all searches on Android devices.

Camera as invisible-input UI

We will see in 2018 computer vision continuing to make progress. Snapchat has already proved that the camera can become the main mobile input interface. Now Face ID technology – brought to the market by the new iPhone X – is making it even easier to use our facial expressions to control functions and communicate in a richer way.

Conclusions

The exponential growth of new UIs brings new and bigger challenges for businesses. Bigger consumer expectations mean that businesses must consider a growing number of touch points with a variety of experience value. From functions where the technology merges into the background to experiences that are completely immersive, consumer demand and expectation will lead the way.



INTERFACE HUMANISATION

Accelerators

Drivers

Accelerating change

Everything becomes an interface

Watches, thermostats, pens, glasses, tables, walls: many objects in our life are becoming smart.

Digital is transforming everything into an entry point, a touchscreen, an input interface that we can use to control and enhance our digital life.

Interface becomes more human

Increased adoption of voice and acceleration of intelligence through ML will enhance interaction, drive user benefits and boost adoption.

Customer expectation

Consumers are looking for ways to live life to the fullest and digital is changing how efficient they expect a business to be. They want and will choose services that offer meaningful, personalised, always-on experiences.

Technical Enablers

Providing the basis for growth

Internet of Things

Machine Learning

Voice, Image, Gesture Recognition

Language Processing

Machine to Machine Learning

Open APIs

New CUI Platforms

AR & VR



Takeaways

Focus on adding value and removing frictions

Consumers are routinely exposed to multiple interfaces and devices. Engagement through useful, valuable and effortless experiences must be built upon intelligent UI and UX.

Look Beyond today

Businesses need strategies that look beyond established interface design as the speed of adoptions will only increase. The more natural the interface, the far stronger the relationship with the customer will become.

Design to harmonise with human behaviour

Designing for complex, connected cultures, technologies and business processes means using the most efficient interface for the best customer experience. A world in which we had to understand how to communicate with technology has shifted to one where technology understands how to interact with us.



SIGHTLINE TWO

Data Ownership

The world moves at a frenetic pace. We'll see, in 2018, an exponential increase in the amount of data that we generate. This is reinforced by former Google CEO Eric Schmidt, who, in 2010, said:

“There were 5 exabytes of information created between the dawn of civilisation through 2003. But that much information is now created every 2 days.”

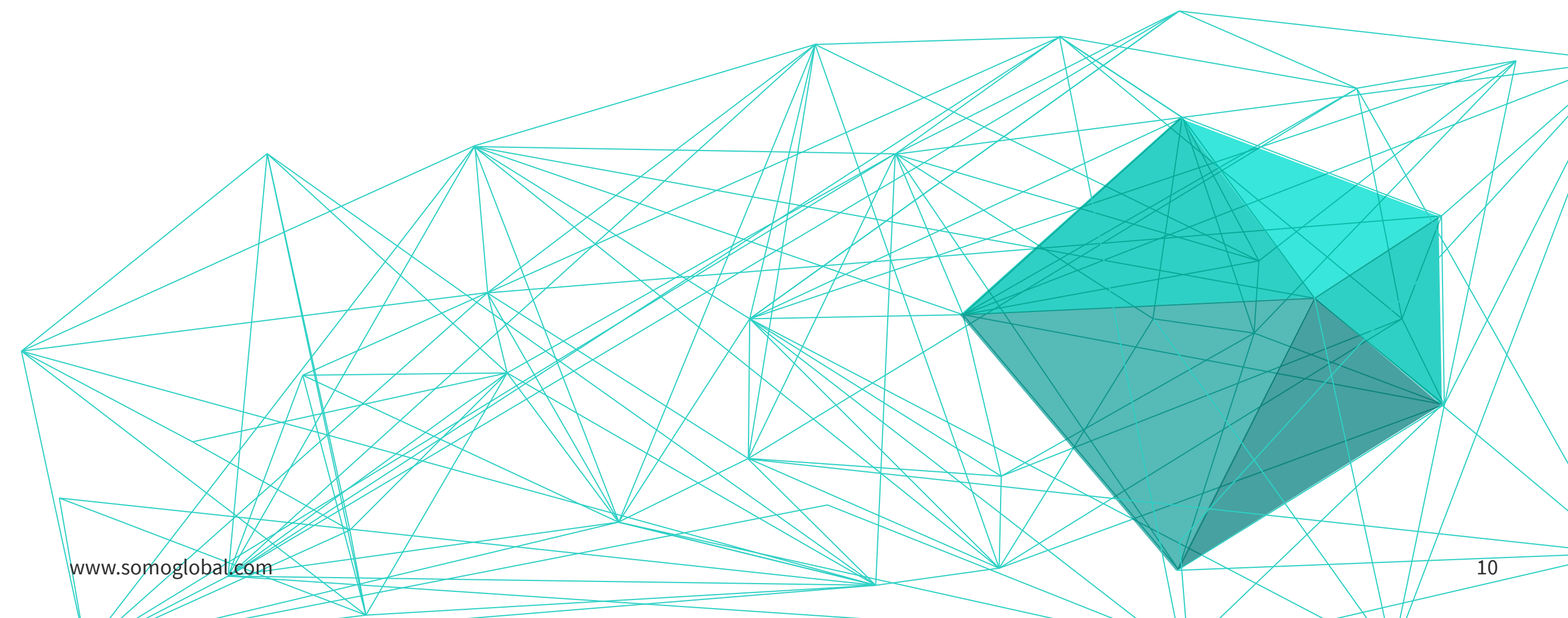
This brings security and privacy concerns, and has led to a number of

official directives, including General Data Protection Regulation (GDPR) and the Payment Services Directive (PSD and PSD2, the latter scheduled to be introduced next year), designed to increase transparency and return power to consumers.

But what does this mean for businesses and consumers?

In 2018, we'll start to see new business models introduced, designed to

capitalise on new opportunities, deliver greater customer value and increase transparency between commercial enterprises and consumers. New competitive advantages are up for grabs in a whole range of sectors, and existing businesses will have to move with greater agility to preserve – never mind increase – their market share.





Data: Friend or Foe?

How do businesses in 2018 make sense of a vast and increasing amount of user data? The cloud has provided a solution in recent years, allowing us to store huge amounts of data at minimal cost, but analytics tools have generally not been fit for purpose.

“ In the first half of 2017 the UK saw data breaches rise by 164% compared to the second half of 2016. ”

TEISS. SEPTEMBER 2017



Making data actionable

We've begun to draw insights from data through machine learning and AI, but this technology is still nascent. In 2018, we'll see businesses prioritising the development of their data strategies. They'll also increase their focus on building data-based skills to define and exploit the new opportunities opening up.

Data ownership disruption is just beginning

Both GDPR and PSD2 are built on the principle that individuals own their personal data and, therefore, should be able to choose how that data is used and with whom it is shared. Open banking will further break down banks' monopoly on their users' data. Meanwhile, Blockchain-distributed trust systems are challenging all centralised authorities, not only in the financial sector.

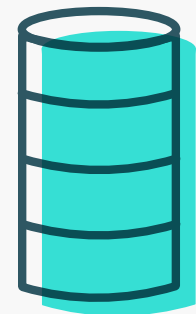
Growing privacy concerns

Daily news of unauthorised uses of personal data or corporate data breaches naturally leads to deeper consumer fears. The implications of sharing personal data with social networks and other free digital services are huge – and growing rapidly. Consumers are becoming increasingly aware that personal data doesn't just mean their name and date of birth but also their preferences, choices, daily habits and consumption.

These heightened privacy concerns will further boost consumer demand for business transparency.

Conclusions

In 2018, we'll see businesses prioritising the development of their data-usage strategies and the skills required to fully explore AI and ML.



DATA OWNERSHIP

Accelerators

Drivers

Accelerating change

Regulatory evolution

GDPR regulation is directly challenging the way businesses collect and store user data. Open banking and PSD2 will give customers more control over their data, while enabling entire industries to be disrupted.

Security and privacy concerns

Misuse of personal data makes consumers hesitate to use digital tools. They ask businesses to collect and use personal data in a consensual way, and based on only the context of use.

Forced Customer empowerment

Consumers are being driven to take ownership of their data through regulation. How much they understand what this means to them has yet to be acknowledged, but we'll see an increased number of prosumer platforms.

Technical Enablers

Providing basis for growth

Blockchain

AI & ML

Authentication

APIs / Machine
to Machine



Takeaways

Making Data actionable

ML and AI are enabling businesses to refine and extract insights from data. While the technology is still nascent, top talent is in short supply and companies must act fast to grow their capabilities.

Be transparent

Why do you want or need data? Promote contextual functions, purposes, values and provide relevance. The user journey must be transparent. Make intelligent use of data, and in context.

New directive = new business opportunity

Companies that built their success on exploiting consumer data outside of the context of collection will see their business model under particular stress in the next years. Scrutinise how your business model promotes values and functions, as privacy and ethical concerns evolve over time.



SIGHTLINE THREE

Contextual Relevance

Digital services in 2018 will become more intelligent, actively understanding the context of user interactions through location and customer data to provide a personal and relevant experience.

Personalisation is based on what we've done before, and influences decisions on what we're shown next. Context is information based on where we are and what we're doing.

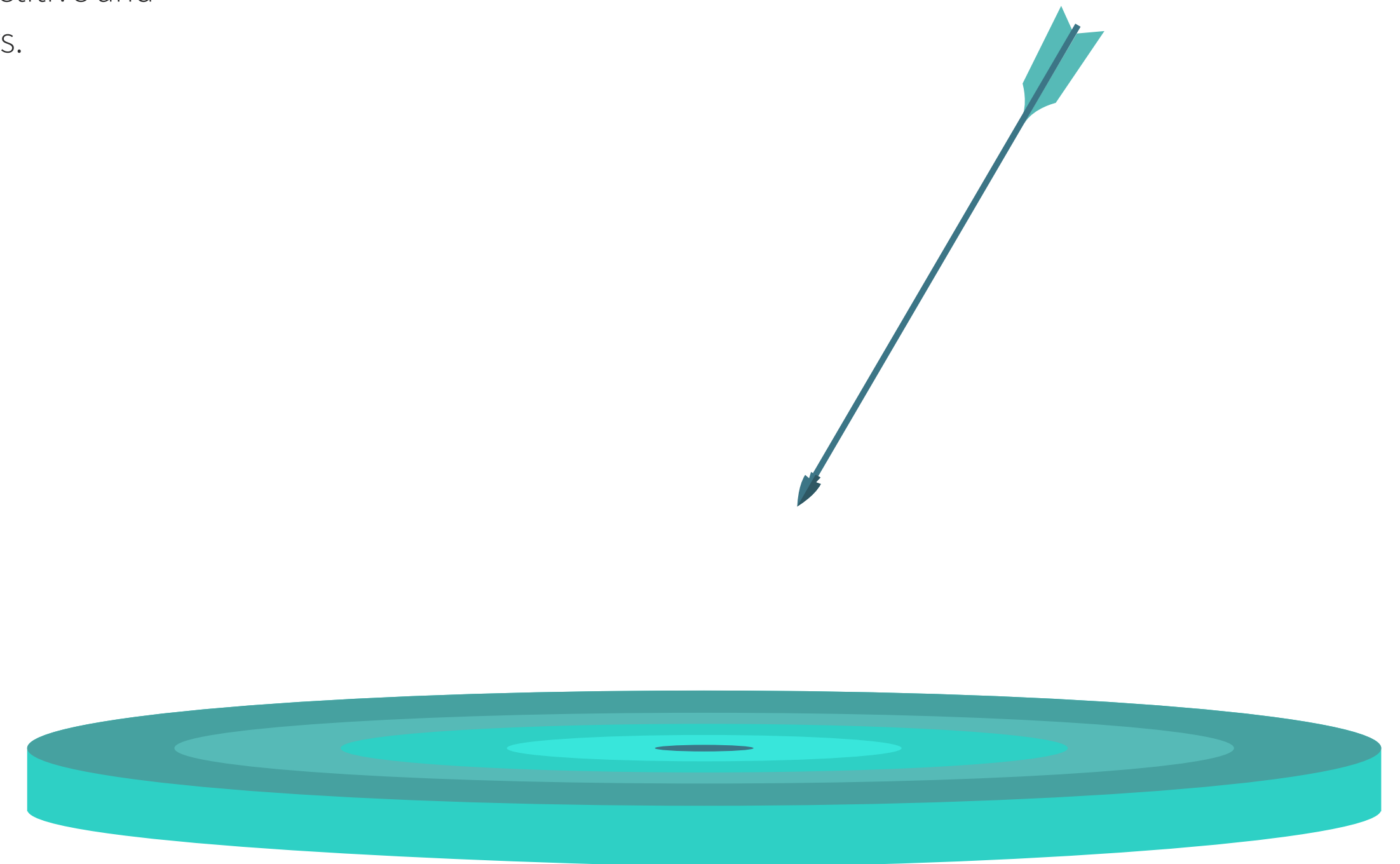
Data is the fuel of this revolution. With the rapid growth of Internet of Things, GPS and cameras,

consumers are inevitably and readily exposing more personal data that's both transactional and, eventually, emotional, via multiple signals.

The ability of a company to collect and act upon this wealth of user data is fundamental to its ability to design and distribute intelligent services, and then offer timely, personalised and relevant consumer value.

Technology is becoming so discrete and frictionless that it can run in the background without us

even noticing. Data intelligence and experience-based design are becoming key competitive and differentiation factors.





Relevance as a key competitive edge

In 2018, we'll see a growing number of micro-moments – intent-driven, decision-making instances that occur throughout the consumer journey.

These are spread widely across various touchpoints, interfaces and devices, (both connected and non-connected).

For brands to succeed, they must have numerous contextual and personalised interactions along the customer journey. This creates service-experience differentiation.



Relevance = competitive edge

Only companies that are able to collect and update data on usage, preferences and context will be able to deliver intelligent services. Creating actionable data will be crucial.

One-to-one relationships will be a customer expectation and, with little brand loyalty, businesses will find it hard to ignore this and will seek to add value through understanding and driving service at every customer touchpoint.

Intelligence = relevance

Apple iOS and Google Android have launched intelligent platforms to aid the development of intelligent apps that use ML and deep learning skills, such as visual pattern matching and language and vision capabilities, to proactively learn and personalise.



CONTEXTUAL RELEVANCE

Accelerators

CONTEXTUAL RELEVANCE



Drivers

Accelerating change

Growth of data

There were 5 exabytes of information created between the dawn of civilisation and 2003. That amount of information is now created every 2 days.

Multiple signals

As consumers, we send multiple signals: what we are, what we do, what we like, who we know. Every interaction is an opportunity to both gather and create actionable data (transactional, emotional, behavioural).

Atomisation of performance marketing

The growth of data and moments is leading to rapid atomisation and disruption of performance marketing, pushing the barriers of personalised and contextualised marketing messages.

Technical Enablers

Providing the basis for growth

Internet of Things

Location Technology

GPS

Beacons

AI/ML

5G



Takeaways

Make data actionable from every interaction

Each single touchpoint – owned by your company or a third party – is a source of relevant user knowledge. Creating actionable data is key to providing customers with contextual and intelligent services in their moment of need.

Create loyalty

With consumers generally able to move their custom and switch their loyalty so easily, providing a personalised experience to create deeper engagement will be crucial. Understanding customers better, and building more personal relationships based on knowledge, will drive loyalty.

Embrace atomisation of behaviour and marketing

Understanding micro-moments and each point of engagement will be complex but crucial. Product development and hyper-integrated marketing will become integral in driving both consumer loyalty and business efficiency.





SIGHTLINE THREE

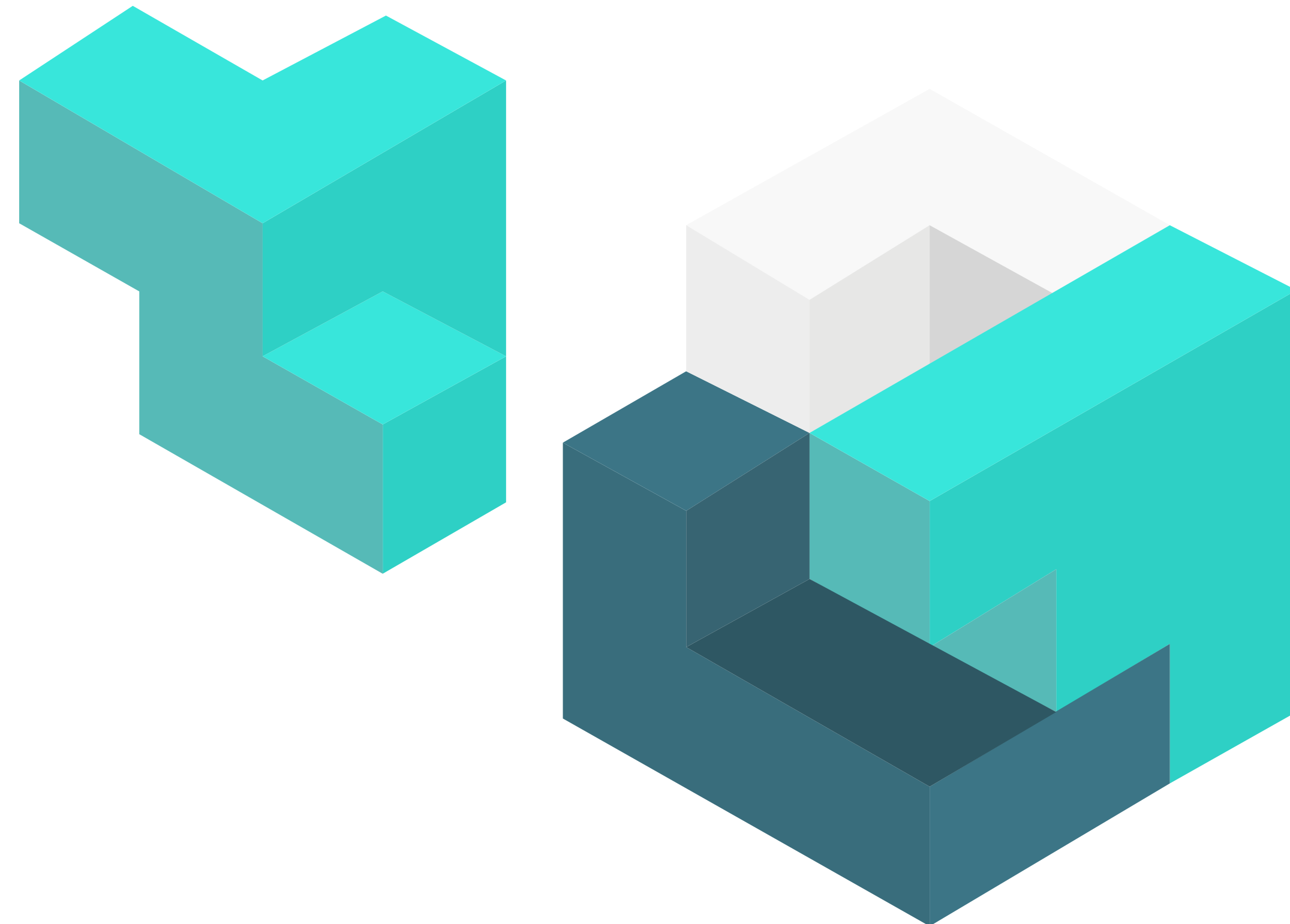
Monopoly Integration

Majority of consumer time is spent within a few applications within a growing number of key ecosystems.

These include the likes of Google, Facebook, Amazon and Apple (GAFA) and for

China it is the tech giants, Baidu, Alibaba and Tencent (BAT)

This will mean businesses, as they look to optimise, will need to understand how they can further integrate into these time-dominating platforms.





Time-dominating platforms and their impact on business

With so much time spent in these dominant ecosystems they'll grow, in 2018, to become critical routes to market for brands that want to reach their customers at the point of need.

It's no longer good enough for a brand to create a single destination or app. It must engage with its users where they're spending time.

It will become even more important to have a solid grasp of your customer journey and subsequent behaviour so you can build deeper engagement and drive loyalty, so that GAFAs remain platform providers and not relationship players.



MONOPOLY INTEGRATION

Accelerators

Drivers

Accelerating change

Needs-based consumer adoption

Consumers have driven adoption (e.g. messaging) and needs (such as mail and calendar). The dominant services have extended their services to focus even further on what users do on a daily basis.

Larry Page called it the toothbrush test: unless you pick it up twice a day, it's not a daily task.

“We want to create beautiful, intuitive services and technologies that are so incredibly useful that people use them twice a day. Like they use a toothbrush.” — Larry Page, 2006

Fragmentation of UX

Today the journey to make a buying decision or search for product information is complex and fragmented. Consumers collect information in a non-linear path through social media, digital advertising, messaging platforms or aggregators, making it difficult to predict a typical journey.

Technical Enablers

Providing the basis for growth

APIs

Ecosystem platform

Search,
Social media,
Messaging etc.

AI/ML

5G



Takeaways

Fragment and distribute

Today, defining a successful mobile strategy doesn't just mean "native app or web". It means being everywhere. During the buying process customers are engaged in hundreds of interactions that generate value and data. Brands cannot miss these opportunities.

Adapt your business model

The business model defines your company's growth potential. Platform business models enable company ecosystems inside and outside the enterprise and multiply the creation of value for customers.

Design customer-centric APIs

The foundation for any 'fragment and distribute' strategy should be an API that will enable rapid integration into current and emerging platforms. A robust API doesn't involve custom builds all the time. It also enables you to scale more quickly by allowing others to integrate your service themselves. But it works both ways. Companies should also be open to others adding value to their platform as well, a strategy successfully employed by Trello, Chrome and Slack, for example.

SIGHTLINE FIVE

Immersive Engagement

Through mixed realities such as AR and HoloLens, and also more immersive technologies such as VR, brands are able to engage early in consumer journeys.

Statista predicts the total number of active virtual reality users will reach 171 million by 2018, while revenues from VR software is forecast to achieve a 3,000% increase in four years (Statistica, May 2017).

Experiential engagement has become much more immersive than any previous interaction.

The growth of VR is attracting innovative marketers seeking to tap into the platform's storytelling potential. The next step will be sharing.

And just when we thought that augmented reality had been dumped in the tech graveyard, it stormed back in 2017 following the launch of two major mobile toolkits: ARKit (iOS) and ARCore (Android). The time and capital required to build meaningful AR experiences were both cut sharply, finally making the

technology accessible for the masses.

AR offers unique opportunities for businesses. And, in 2018, as the boundaries between the physical, digital and virtual spaces blur, brands will create immersive experiences that add value across the customer journey.





AR and VR on the brink of mass adoption

The digital space is investing heavily in mixed realities. Specialist startups, digital and innovation agencies and tech giants including Apple, Google and Facebook are all keen participants.

In 2017, more companies in a wider range of sectors experimented with AR/VR. In 2018, we anticipate AR and VR platforms will become increasingly accessible for both businesses and consumers. And holograms are about to be more than just science fiction

VR moving into sharing and social space

Standalone virtual reality headsets are coming. Google's VR ambitions are expanding beyond Daydream's current form, with upcoming headsets from partners including HTC and Lenovo that won't require a smartphone or PC to power the user's VR experience.

Meanwhile, at F8, Facebook showcased Spaces, its first social VR platform available in beta on Oculus. The company made it clear it wants to own the VR space by providing users with the ability to connect with their friends in a VR presence. Microsoft has followed suit by acquiring the social VR company, AltSpaceVR.

AR: a key step towards mixed reality

Apple's launch of ARKit represents the single-biggest tech announcement of 2017. We'd been playing with AR long before that, with features such as Snapchat lenses or Pokemons. But the launch of ARKit and ARCore instantly created two mass consumer platforms that combine mixed reality with new killer applications and an unprecedented ability to scale. We expect 2018 to be the year AR gains mainstream success.

Sectors where we'll see growth in 2018

Training & Education is already one of the most active sectors using mixed realities. We'll see more immersive learning experiences created by companies in 2018. We also expect retail and CPG companies to be at the forefront of this revolution, viewing VR and AR as opportunities to provide realistic product experiences at consideration stage, and bring product features and information to life at points of sale.





Accelerators

Drivers

Accelerating change

Technology cost and distribution

Technology costs are declining more rapidly than in the past. Only 10 years ago, a VR headset cost \$4,000 and needed an equally expensive PC to operate. HoloLens, Daydream and Oculus are already offering consumer VR accessible for the masses.

Immersive engagement

Images and sounds are generally more engaging than text. And immersive media are even more powerful. Marketers who want to tell engaging stories are looking at AR and VR as unique opportunities to reinvent branding and marketing by creating immersive experiences.

Value of experience

In the experience economy, marketers need to shorten the path to purchase and provide meaningful product experiences as early in the customer journey as possible. VR and AR offer unique opportunities to bring product benefits to life.

Technical Enablers

Providing the basis for growth

Virtual Reality

- VR eyetracking
- Foveated rendering
- VR + advertising
- Higher resolution displays

Augmented Reality

- SLAM tracking
- Mobile camera arrays
- WebAR/WebVR
- Holograms

Unity/Unreal Engine



Takeaways

Solve a real user pain point

Businesses need to look at pain points where AR and VR can make a difference. E.g. training, demonstrating at events, authenticity emphasis or empathy alignment. To build a usable, scalable product in AR and VR it is important to think through the lens of user needs, and solve real problems.

Start with a POC

Mixed reality technology is here to stay. Companies need to go beyond the initial excitement and test technology and process with targeted proof of concepts, to fully understand its potential with users. This will provide essential expertise and competitive advantage as user adoption grows.

Measuring engagement is essential

User research companies, such as Emteq, already offer facial sensors to track and analyse the user's emotional state during immersive experiences. This will be essential to prove the success of the technology in creating meaningful engagement.

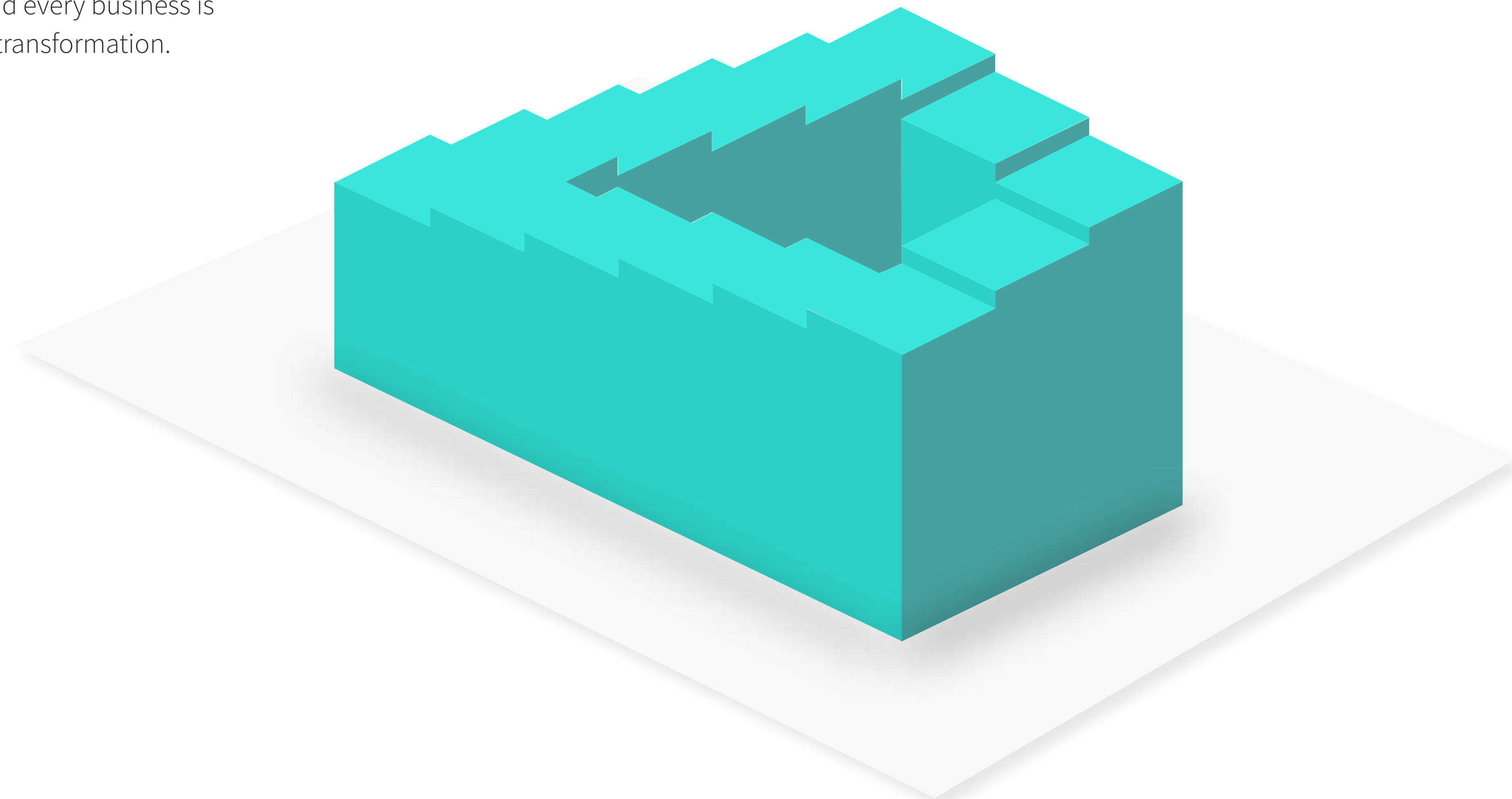
SIGHTLINE SIX

Culture Reset

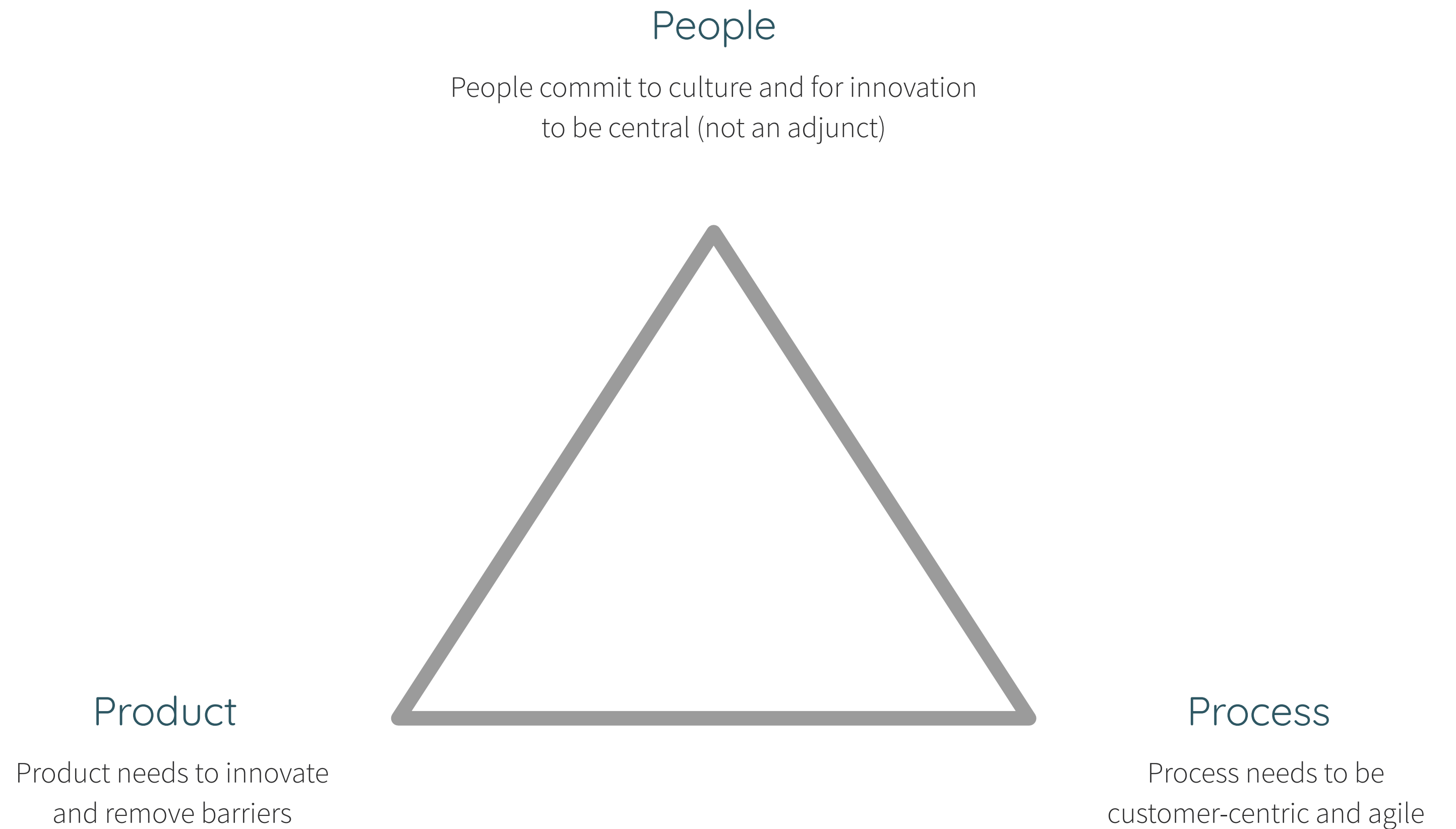
In 2018, markets and customers will change at an even faster rate. Businesses need to adapt to change and be more fluid in their approach than ever before.

Businesses will need to adapt and thrive on a relentless and ongoing basis. Inevitably, the most successful innovators are those who reshape the market, forcing it to adapt to them.

Innovation is no longer a choice, it's a necessity, and every business is undergoing a transformation.



Transformation Needs



Culture will unlock success

People

Training in a culture which supports working lean and failing fast to outsmart competitors today and tomorrow.



Product

Embrace best practice and agile delivery through the modern toolset.

Process

Encouraging innovation at the heart of processes and become agile to be able to deal with high ambiguity.



CULTURE RESET

Accelerators

Drivers

Accelerating change

Velocity of change

Technology is rapidly evolving and consumer adoption has grown exponentially. The impact of these forces on business has created turbulence and enabled disruption.

Agile competitors

Incumbents in established industries are under attack by agile competitors that quickly gain market differentiation. Non-agile incumbents find it difficult to react within old business processes and cultures

Rapid democratisation of technologies

Toolsets are ever-changing and necessary to build for ambiguity using open API architectures. The demands this continual ambiguity has on legacy backend IT systems must be managed.

Enablers

Providing the basis for growth

Communication platforms

Design Thinking
User Centred Design
Service Design

Cloud

Lean startup / innovation

Behavioural economics

Agile / sprint

Takeaways

Leadership to encourage change

Strong leadership that encourages change and experimentation is key to driving an agile innovation process to tackle continual ambiguity.

Be an agile business

Being an agile business allows you to adapt and thrive on an ongoing basis. Quick incremental ongoing decisions are key to an efficient process of innovation that allows you to out-innovate competitors.

Don't let legacy be your legacy

Businesses must identify how to manage the two-speed implementation of the driving digital demands of the frontend to build products and services that interface with old, legacy IT systems that companies may have inherited.



If you want to find out more...

Drop us a line to find out how Somo can help your business

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