

SPEEDING UP LIFE, SPEEDING UP BUSINESS HIGHLIGHTS FROM THE ALCATEL-LUCENT CNBC PANEL DEBATE AT MWC 2011

AT MOBILE WORLD CONGRESS IN FEBRUARY 2011, CNBC-TV'S RON INSANA MODERATED A PANEL DISCUSSION AND DEBATE THAT GATHERED TOGETHER A GROUP OF INDUSTRY THOUGHT LEADERS IN FRONT OF A STANDING-ROOM ONLY AUDIENCE OF MORE THAN 120 PEOPLE.

RON'S THOUGHT-PROVOKING QUESTIONS LED TO FASCINATING INSIGHT INTO HOW OUR WORLD HAS CHANGED – AND WHAT OTHER CHANGES MAY BE COMING SOON.



On the second day of the industry's biggest and most important trade show, six people took the stage in the auditorium on Alcatel-Lucent's booth in Barcelona, Spain to share their thoughts about how the twin qualities of local agility and global speed would affect the world in which we live and the companies at which we work.

The debate was centered around three main topics. The first: a dawning realization that social media is leading us into a social world. The second: a question about whether we're in the middle of an evolution, or a revolution. And the third: a discussion about how networks can and perhaps even must affect business.

It would be impossible to fully capture the always vibrant, occasionally pointed and often amusing exchanges that occurred that morning; but in this document, we have tried to share some of the more interesting points of view.

PANELISTS:

Trip Adler is CEO & Co-Founder of Scribd, one of Time Magazine's Top 10 Start-Ups That Will Change Your Life and the World Economic Forum's Technology Pioneer 2011. Scribd is the world's largest social reading and publishing company, and is often described as 'YouTube for documents'.

Steven Berlin Johnson is a trend spotter and author of six bestselling books that look at the interaction of humans and technology. In his latest book "Where Good Ideas Come From" he says technology innovation has evolved from our need to increase our connectivity and share ideas.

Mary McDowell is Executive VP for Mobile at Nokia with a proven track record as an industry innovator. Mary has said that mobile phones will offer the first PC-like experience to the next billion people to come online.

Jay Sullivan is Vice President of Products at Mozilla where he drives product strategy and leads the product management team. Mozilla wants to ensure Internet users have control and ownership of their own online information and looks to build tools into the browser to protect privacy and identity

Ben Verwaayen is CEO of Alcatel-Lucent, Chairman of the Confederation of British Industry (CBI) Climate Change Board and in August 2010 was elected member of the World Economic Forum's Foundation Board.

Keith Woolcock is Director of Cyke Global and runs 5th Column Ideas where he publishes his wide-ranging thoughts on current tech stories. Keith has been an almost prophetic tech analyst for years, and always has provocative thoughts on the future of the sector.

SPECIAL GUESTS IN THE AUDIENCE:

Dennis Crowley, CEO of Foursquare

Joe Weinman, Communications, Media, and Entertainment, HP Worldwide Industry Solutions

Moderator:

Ron Insana, Senior Analyst and Commentator on CNBC

SOCIAL MEDIA BECOMES SOCIAL WORLD



There was very little debate amongst the panelists about the fact that social media services like Facebook, Twitter, Foursquare, MSN, Google Talk and so many others – including panelist Trip Adler’s Scribd – are affecting the way that companies, communities and countries interact. Formerly just a repository of information, the Internet has transformed into a means for communicating, broadcasting and consuming.

The numbers are almost staggering: the online connected community has risen from 16 million users in 1995 to an estimated 2 billion users today, almost a third of the world’s population. How did this happen? What does it mean? The panelists certainly had thoughts.

“We live in an age of superabundance,” **Keith Woolcock** noted, “There is too much choice. Social networking is a brilliant way of filtering all that information.”

“Social media is making it easier to be social in new and more instantaneous ways,” noted **Trip Adler**.

DO SOCIAL NETWORKS ADD TO INFORMATION OVERLOAD? OR DO THEY HELP MANAGE IT?

Only a few minutes into the debate, two panelists were already sharing opposing opinions – both of which had various members of the audience nodding their heads in agreement.

It started when **Steven Berlin Johnson** explained the enjoyment he got from landing in Barcelona and being able to simply send out a tweet asking for good places to eat. “Twitter is a much better way than Google to explore the information overload problem of a big dynamic city like Barcelona,” he said.

Ben Verwaayen had shared earlier in the discussion his opinion that, in great part due to social media, the individual citizen was more powerful than ever before, and that the ‘expert’ was dead. He picked up this same train of thought in response to Steven: “Two years ago you would buy a Michelin Guide to get objective information. Now, you take information from

people you know nothing about – you don’t know their budget, you don’t know their tastes – but you find it more credible than buying a guide!”

CAN YOU TRUST THE RECOMMENDATIONS OF STRANGERS?

Jay Sullivan found somewhat of a middle line: He said he was sure that reputations will develop, and people will in fact start to care about the legitimacy of the source of recommendations. And from the audience, **Dennis Crowley**, CEO of **Foursquare**, noted that “crowdsourcing” restaurant recommendations was a luxury that someone like Steven Johnson, who has 1.4 million followers on Twitter, might be able to afford, but that most people cannot get a good answer from Twitter: “If we could figure out ways to let everyone on the Internet ask questions to the cloud and get an answer back, that would change a lot of things.”

When asked by moderator **Ron Insana** if we were just seeing new tools being used to access the same information, **Mary McDowell** remarked that the big shift was the pervasiveness of mobile devices with GPS and other sensors built in. “The combination of social networks and location provides a context for the western world’s information overload.”

Mary noted that our phones are the center of our lives now: “You never leave the house without your phone,” she said to her fellow panelists, “But 90% of the world doesn’t have an iPad or a smartphone, so how do we bring them access to information at a price point that can make it incredibly pervasive?”

A comment from **Keith Woolcock** is perhaps the best way to sum up this part of the debate: “With social networking,” he said, “we’re seeing a parallel with another revolution in consciousness that has been taking place in the past fifteen years. Economists are realizing that human beings are not rational units. We’re not that independent. We are incredibly meshed in with people around us. Social networking plugs into a very powerful human need.”

There was strong agreement across the panel that social media was not just a temporary phenomenon but instead an essential element of the connected world, even if we as an industry – as well as we as individuals users – haven’t quite figured it all out yet. What did seem certain to the panelists was that more work had to be done to provide ubiquitous and reliable broadband access so that this “powerful human need” to connect could be realized everywhere; so that the entire world could join the social world.

EVOLUTION OR REVOLUTION



The Internet is famously known as the 'information superhighway' and with the exponential growth of usage, technology improvements that allow for more traffic are surely a good thing.

But do technology changes lead to a change in the way we live that is much bigger than just speedier communication? As new devices are released and new processes become reality, are we changed as humans, too? The printing press led to a complete reformation of the institutions of the day – will the expansion of connectivity to the entire world have similarly deep repercussions? Are we facing an evolution or a revolution?

DO MOBILE PHONES HAVE A CAUSAL EFFECT ON GROWTH AND PROSPERITY?

"My money's on revolution!" said **Mary McDowell**, "If you start to plot curves of GDP growth and prosperity against penetration of mobility, there is very high correlation."

Moderator **Ron Insana** asked 26-year-old **Trip Adler** his point of view as a "foot soldier." Trip's answer was telling: "People are always saying 'Everything is going to change!' I don't know if it going to be completely different than the cycles we went through before, but things are definitely going to continue to change, and yes, probably faster than before."

Ben Verwayeen had a CEO's perspective: "Evolution, revolution, I don't know; but I do know that it is very disruptive." He explained how, firstly, the economics don't work: that those who benefit are not the same as those who invest. Ben also explained his view on the social disruption, noting how now, for the first time, people can "monetize their brains."

CAN THE INTERNET ALLOW PEOPLE TO MONETIZE THEIR BRAINS IN A WAY THEY COULDN'T BEFORE?

"With Bell Labs, probably one of the best known research facilities in the world," Ben noted, "we used to roam the world to make people an offer to relocate 5,000 miles from where they were born, just to use their brains. Now we can say to people that it doesn't matter where they live because we can connect their brains to the other top brains, no matter where they are."

Steven Berlin Johnson pointed out one of the downsides of that advantage. "In my research, I have always found that innovation environments always involve diverse experiences and inputs, and people coming together from different fields. This new connected world presents a great opportunity to find people who are different from you. But there is also a 'flocking' echo-chamber risk – the risk that you might only connect to people who are like you, and share your values, and belong to the same profession. If we're going to build platforms that accelerate this amazing round of innovation we're in, we have to build diversity into them."

Jay Sullivan noted how a lot of what was being discussed has to do with breaking geolocation barriers. "The people who come together from around the world to work on Firefox would never find each other without the Internet."

From the audience, **HP's Joe Weinman** pointed out that with instant access to information, the balance of power is tipped to the individual: for example, retailers cannot fiddle too much with their prices because consumers can instantly check on the best prices elsewhere; governments cannot create an "illusion" with asymmetrical information control. "To what extent has social networking become more than *'Hey what's up? I'm in Barcelona'* and is now fundamentally a transformation force ushering in a new era?" he asked.

Weinmann's question launched an interesting discussion on the role of social media in actual revolutions: the CNBC debate was held on February 15, 2011, just shortly after primarily "bloodless" revolutions had occurred in Tunisia and Egypt, with no small amount of credit for their successes going to Facebook and Twitter.



NETWORKS AND BUSINESS



These new technologies will certainly result in power shifts that at best affect businesses, and at worst, could even create chaos. Business leaders are wondering if they need to reorganize their companies around social media, and asking themselves how to stay relevant in this new era.

Steven Berlin Johnson briefly explained 'strong-tie' connections (such as those between people who are willing to die for each other) as opposed to 'weak-tie' connections; the theory is that nothing really momentous happens, at least in terms of political change, with weak-tie connections. But Steven noted that the Internet has changed that. "It would have been impossible to build a large movement of people and organize them and get them to all show up in a square using weak tie connections in 1962 in Alabama. At that time, you had to rely on traditional movements with traditional leaders. But because now we have the ability to organize hundreds of thousands of people around a Facebook page, we have an opportunity for change that simply didn't exist before."

Ron Insana queried the panel about whether being 'first' was important.

Jay Sullivan wasn't so sure it was, and pointed out that Friendster – a social networking service that was live before the creation or launch of MySpace or Facebook – didn't exactly benefit from a first-mover advantage. "I think there are many fast-follower companies that see an idea but execute it better or deploy a better user experience. Being first is not necessarily the key."

Ben Verwaayen disagreed with that evaluation. "Speed is very different than what it was. If you don't deliver within the framework of the speed of the Internet age, you may be right, but you are totally irrelevant. It is absolutely important to be the first."

DOES SOCIAL MEDIA HAVE A ROLE TO PLAY IN REAL-WORLD REVOLUTIONS?

Mary McDowell noted another way that the Internet is leading to a real change in people's lives outside of the Western world: "We have an SMS-based service that delivers prenatal tips to pregnant moms, crop price information to farmers, language lessons, mobile banking ... it is truly life-transforming."

The question of "Evolution or revolution?" seemed easy for our panelists to answer: they shared a variety of stories of significant and even fundamental transformations that they had witnessed or participated in, thanks to the connected world – anecdotes from the workplace, from the home front, from the Western world and from high-growth regions. The ability to have broadband everywhere is truly revolutionizing the way the world lives and works.

IS GETTING AN IDEA LAUNCHED QUICKLY AS IMPORTANT AS HAVING THE IDEA IN THE FIRST PLACE?

Trip Adler went a step further: "It is essential both to be right and be quick. If it takes you six months to launch your idea, it's not a relevant idea anymore – or at least, that's how it works on the web. Moving quickly is essential."

Many of the panelists offered ideas on how companies should behave to better face the impact of networks on their business.

"At Scribd, we learn by iteration," said **Trip Adler**, "We make a lot of mistakes, but one in five ideas work incredibly well and that takes us forward." He feels that success today is at least in part about iterating quickly.

Mary McDowell picked up on what Ben Verwaayen had said earlier about getting people's brains together: "How do you unleash the power of local brains and local innovation? A lot of our work is about empowering local developer communities. You get some great stuff."

A member of the audience asked the panel how social media might transform the corporate decision-making culture.

Keith Woolcock answered first, and took his fellow panelists into a new line of debate: “The big scientific innovations often come from people going into another area. Corporations like to think that they can master all this internally, but it probably won’t happen.”

“Oftentimes the inventor of a capability isn’t the one who reaps the benefits,” **Mary McDonnell** agreed, “Like Ben said, sometimes you invest but you don’t see the results of it. The need to be more connected and to source innovation externally is vital to a company’s lifeline.”

IS A COMPANY’S SUCCESS NOW DEPENDENT ON WORKING WELL WITH PEOPLE OUTSIDE THE COMPANY?

Ben Verwaayen visibly found this topic to be crucially important: “The question is not whether you have the capabilities within your four walls, but whether you can marry those capabilities with capabilities from the outside. The idea that you can simply do innovation inside your four walls is dead. You have to create a passion in your organization to achieve something together with the environment in which you operate.”

Mary McDonnell picked up this thought, “How do you have the right relationships with research universities, with start-up companies? It’s really a continuum now.”

Tightly linked to this is a question about incentivizing people. “There’s a lot of room for experimentation and innovation here,”

Steven Berlin Johnson noted, who pointed out that Foursquare built game mechanics into their product development process.

Another question from the audience took the panelists onto the theme of structuring companies for this sort of innovative freedom, without descending into chaos.

DO THESE NEW BUSINESS MODELS DEMAND NEW WAYS OF MANAGING AND INCENTIVIZING WORKERS?



Jay Sullivan answered by speaking about the view the market often has about his company Mozilla and other open-source companies or projects: “There is a perception that anyone can do anything, but there is a meritocracy. You have to build structures for quality control, accountability, design coherence. It’s about empowering people – leaders have to set strategy and clearly communicate what is important and why, and then get out of the way and trust a little.”

Steven Berlin Johnson pointed out how Mozilla is a non-profit working in an open source environment, and yet is very successfully competing with Microsoft, Apple and Google. “The implications are really profound,” he added, “in the idea that these huge incredibly profitable resource-filled companies are losing market share to people who are working with a very different business model. That tells us something about the potential power of networks to create alternatives to traditional corporate structures.”

Ben Verwaayen thought this was great: “There is more than just one business model. I think you will see new models come out of the East that will have a profound effect on how we run our businesses.”

Ron Insana picked up on this remark and took the group into a discussion about “the East.”

Keith Woolcock made his predication: “We will see innovation coming back from the East. We will see another Sony from the East, but it will be at the application content layer.”

“Sources of innovation will come rippling back from Asia,”

Mary McDowell agreed, “They do things in different ways. Consumer behavior is different.”

Whether we need to work faster or better or both, it was absolutely clear that our panelists know the world needs to work differently: The ‘revolution’ of the ‘social world’ will of course make an impact on businesses, too. Companies and organizations will need to continue to find new ways to stay ahead, to evolve and to become more efficient.

LOCAL AGILITY AND GLOBAL SPEED ... TOMORROW

As the panelists spoke, they shared a variety of predications about the future.

Both **Jay Sullivan** and **Trip Adler** felt that the twelve months to come will be the year of the smartphone and tablet. **Keith Woolcock** went so far as say "The PC industry is dead."

When asked what we would be talking about one year from now, **Ben Verwaayen** replied, "I think we'll be talking about the same things! Although I also think that some of the expectations for dramatic change will not come through. People don't live their lives in boxes - they live by intuition. We have created a new form of intuition."

Keith Woolcock felt an "easy" prediction was to say that the industry will be talking a lot about touch and motion in mobile phones: "You'll hear a lot of talk about motion control, augmented reality; these devices will become much more sensory."

Keith also offered some investment advice: "This feels like 1996-1997. I think we've got another three years of boom and then we are going to have another bubble. People will forget all the lessons they thought they learned. As soon as you hear 'Video traffic is doubling every sixty days,' sell your shares!"

Jay Sullivan felt that the discussion would also be about people getting a handle on the information about themselves that was out on the web: "One view is that you are the product, and the customer is the advertising. You're trading

ARE INTERNET USERS INEVITABLY TRADING THEIR PERSONAL DATA FOR FEATURES AND SERVICES?

your personal details for features. I don't know if we know where that goes yet. A lot of folks are working on solutions, but it is not clear to me that users are going to be able to get their private information back under control."

Steven Berlin Johnson's thoughts were about Google: "The belief that Google dominates search and thus Google dominates advertising online is much more fragile than we think. They are more vulnerable than we realize."

The rising interest and possibilities of collective data were the topic of **Mary McDonnell's** predictions: "As we have more sensors in devices, as we can aggregate more information about communities, we can provide more than just traffic information - we can do things with influenza data, and other things with societal benefits. I think that will become an important part of the conversation."

A remark earlier in the debate from Jay Sullivan probably best summed up the panel's collective thoughts across the entire debate: "We just don't know how this is going to pan out. We might look back in 50 years and wonder what the heck we were doing."

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