

Dear All

Everyone is asking the question if globalization is dead or is slowing down considerably? I read a lot of McKinsey articles in the topic over the years and also read some recent reports. Here is my understanding:

1. My personal view is that globalization has not slowed down, I think a different form of globalization is taking place thanks to digital and I term it **DIGIBALISATION**, its being led digitally. What are the data points showing?
2. Globalization of physical goods as we know it has been dropping after the global financial crisis in 2008. This happened because cross border capital flows increased and countries became a little more protective of some industries.
3. Cross border bandwidth has multiplied 45 times in ten years between 2005 and 2014. The table below shows the shift:

Year	Intra region bandwidth	Inter region bandwidth
2005	3.1	1.6
2014	140	71
Multiple	45	45

4. The old world of commerce was dominated by large countries and large multinationals. The new world of Digibalisation is led by emerging countries and start - ups. Start - ups have access to the world thanks to the global platforms. Simple numbers bear this out. There are a billion people connected to people outside of their country globally and nearly 400 million of them take part in cross border E commerce activity. 86 % of tech startups have cross border activity.
5. What is the impact of digital on organization structure and individual skills? I feel digital expands the traditional span of control in an organization. Old spans of control were 8, today in a digital world, the span of control can be 18 or even 20. So, digital widens an organization horizontally and flattens an organization vertically. With broader spans of control, digitization will collapse many mid- level jobs. Digital will impact the fundamental culture in an organization. Fast companies will be companies that will use digital well, slow companies will be companies who will be late or weak in adopting to digital.
6. A digital system encourages free flow of information, free flow of ideas, free flow of talent and helps hasten best practice at the speed of light.
7. Digital impacts the revenue model significantly as digital enables rapid changes to business models.
8. Digital has funnily taken world dependence on china up while the china dependence on the world has gone down.
9. The old globalization model was labor intensive and labor arbitrage was a key variable. The new digital model encourages both low price low margin and hi price hi margin business. The global supply or value chain is today more technology based, more knowledge intensive and with a significant higher level of skills.
10. Most industries are digitized , however the level of digitization is less than 40 % in most sectors.
11. Countries with poor physical infrastructure embraced digital in a big way. India is a good example of that when it embraced mobile telephony in the early 2000s. This transformed India into a rich digital infrastructure country. I believe the same will happen with Africa and many south east Asian countries and South American nations.
12. For an individual this means that we need to move from pure physical skills to technical /technology skills. In a digital world, emotional and social skills become important. This

means constant learning , relearning and unlearning, that's the foundation skill in a digital world. Seven out of ten jobs in demand this decade will be technology led. So, just as a company needs to be agile, individuals need to be agile.

Enjoy

Feedback welcome

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