



## DIGITAL LABOR SERIES

### The Polar Shift

#### Abstract

Every 500,000 years or so, the Earth's magnetic field reverses its polarity creating havoc in our planet's biosphere, including mass extinctions. The reversal is called the Polar Shift, and the term Polar Shift as a business metaphor, has applicability in today's business markets. In this Polar Shift, we are seeing the change in the relationship of people and technology with respect to the businesses that they support.

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## **Digital Labor Series: The Polar Shift**

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In our prior writings on the subject of Digital Labor, we introduced the RUMJog Automation Maturity Model to delineate various forms automation, specifically, automation in the Knowledge Worker industries.

The model classified automation into five progressive levels:

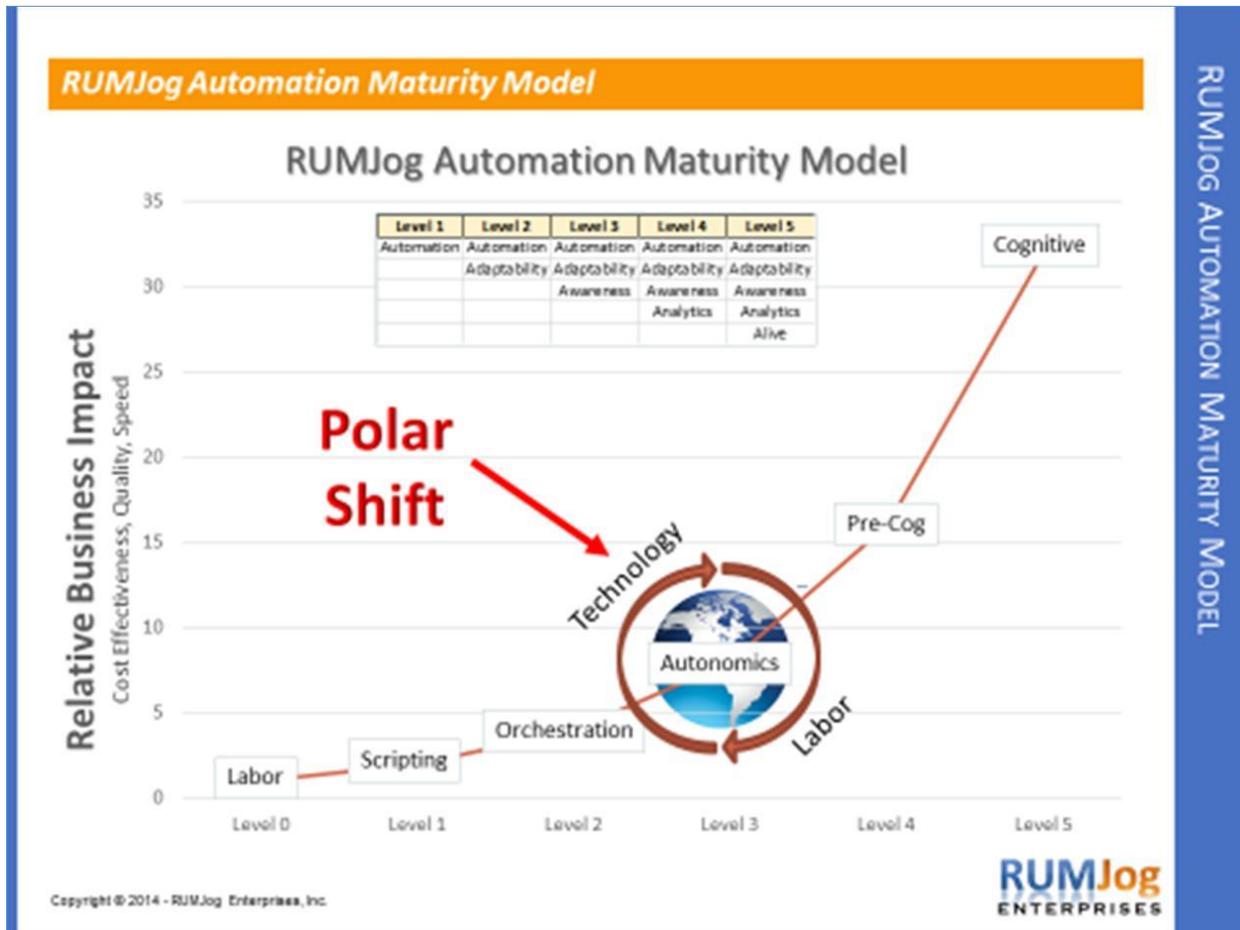
<b>Scripting</b>	<b>Orchestration</b>	<b>Autonomics</b>	<b>Pre-Cog</b>	<b>Cognitive</b>
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 5</b>
Automation	Automation	Automation	Automation	Automation
	Adaptability	Adaptability	Adaptability	Adaptability
		Awareness	Awareness	Awareness
			Analytics	Analytics
				Alive

This model is non-linear and Level 3 (Autonomics) is the inflection point of the curve. It is at this inflection point where we, at RUMJog, are calling a Polar Shift in the Knowledge Worker markets. The poles that are shifting in this metaphor are:

**Old Polar Alignment:** North -> Labor / South -> Technology

**New Polar Alignment:** North -> Technology / South -> Labor

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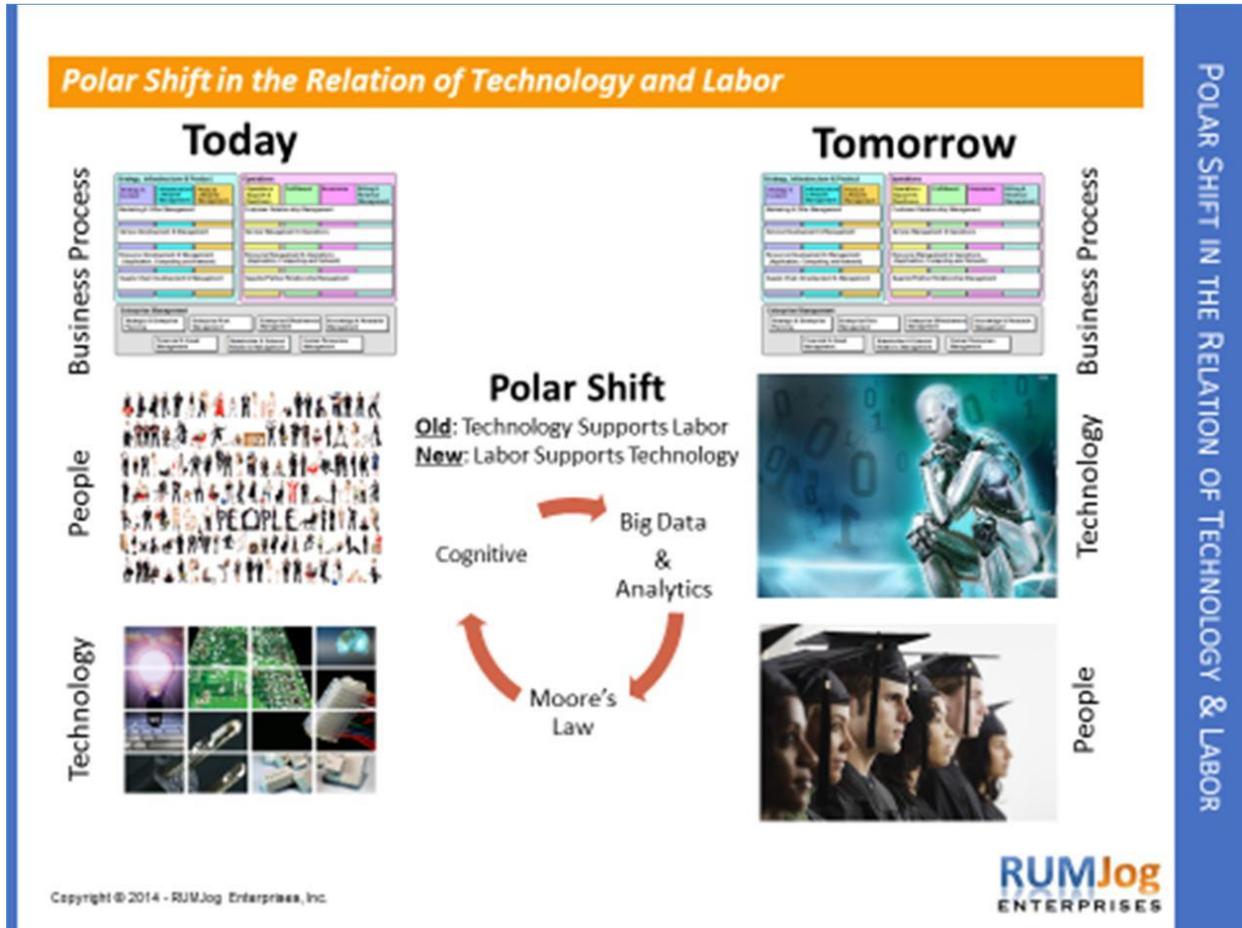


In this Polar Shift, we are seeing the change in the relationship of people and technology with respect to the businesses that they support.

In the old model, people run business processes and are supported by technology. Typically, businesses and processes would have lots of people supported by fragmented and siloed technologies.

In the new model, technology runs a business, supported by people. In this instance, the technology is holistic and the people are fragmented. Holistic technology takes the form of middleware or operating systems software. Fragmented labor moves away from employee based HR models and shifts to 1099-like arrangements and are syndicated through software based business platforms.

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The havoc created from this Polar Shift is just beginning to be felt and much more is to follow. A company that is leveraging this Polar Shift is the car service Uber. Uber is attacking the taxi and limo markets with a business platform that uses technology and syndicated (think fragmented) labor brokered through their business platform. The software matches riders and drivers (syndicated 1099 labor) and clears the commerce in a smartphone application.

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Uber is taking the market by storm, they have a \$40B market cap based on the latest round of investments. However, Uber only has 1,000 employees – that is a \$40M market cap per employee. This is a very different corporate profile than we are used to:

	<b>Market Cap (\$B)</b>	<b>Employees</b>	<b>Market Cap/ Employee \$M</b>
Uber	\$ 40.00	1,000	\$ 40.00
Apple	\$ 670.00	93,000	\$ 7.20
IBM	\$ 161.00	431,000	\$ 0.37
Walmart	\$ 270.00	2,200,000	\$ 0.12

What does this portend for the labor markets? How should businesses be thinking about their business services and technology strategies? What firms and business models will “go extinct”? How should this change your sourcing strategies?

These are all questions that RUMJog Enterprises are tackling with our clients. If you would like a more in-depth briefing, please contact us at [info@rumjog.com](mailto:info@rumjog.com) and indicate your interest level.

In 2015, we will be signing exclusivity agreements with several firms, but until then, we would be happy to share with you our insights of the Polar Shift in your business.

## ***Digital Labor Series: The Polar Shift***

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### ***About the Author***



#### **Thomas Young, Founder & Managing Partner**

Thomas is the Founder & Managing Partner of RUMJog Enterprises, a technology, media, and public sector management consulting company launched in 2013 to help businesses adapt and thrive in the face of accelerating change in today's market. Prior to forming RUMJog, Thomas was a Partner and Managing Director at TPI & ISG for over 12 years, holding a variety of leadership roles in the Americas.

Thomas has more than 20 years of consulting experience in the IT Services industry with a focus on Financial Services and holds a Master's Degree in Systems Engineering from Rutgers University.

RUMJog Enterprises was created as a parent company of a portfolio of next generation firms designed to re-invent the way business is done to better serve the big players in the services industry looking for true business transformation.

Thomas specializes in area of emerging technologies with particular focus on process and labor automation and the impacts on business ecosystems.

Additionally, Thomas currently advises several other organizations like Becton Dickinson, IPsoft, IBM, British Telecom, Wipro, HCL, KPMG, and others.