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Digital Transformation outperforms Smart City Concepts

While major metropolitan areas are still fighting to be nominated the champion of the smart city movement this concept might already be outperformed and prove to become the buzzword of the past! This is the feeling participants might (should) have taken home from the Berlin economic summit  **Creating Urban Tech** which was staged on Monday, May 30th, 2016 in Berlin, Germany. Listening to the pioneer thinkers from industry the idea suggested itself that in their impact on everyday life Industry 4.0 and the Internet of Things already today go way beyond just the smart city and that large cities like Atlanta or Berlin claiming the label Smart City have to scramble jumping on a bandwagon that is quickly moving along.

Brenna Nan Schneider of Lawrence Massachusetts described the challenges for modern supply chains which are opening opportunities for local manufacturing hubs outside low cost labor regions if agility, speed, automation and individuality enable the merging of supply chains and demand. Very much complementary to this approach was Rudolf Martin Siegers' (CEO Germany of Siemens) vivid description of recent developments in the utilization of technologies. »Digital Enterprise« as they call it with Siemens will merge the real and the virtual world and speed up time to market and product life cycles, industrial processes becoming more flexible in spatial and time aspects. Additive Manufacturing will allow individual Products and small batch series in production and revolutionize spare part handling. The Internet of Things promises a new step in flexibility and efficiency but at the same time will make new demands on security and urban infrastructures.

Assuming these experts are right it might be time to look what the real challenges of the future are whether in megacities or in more rural areas. Being a Smart City will not be a sign of excellence but a prerequisite for all urban areas that don't want to be left behind in their development and intend to remain attractive to their inhabitants. In that context the agenda described by the governing major of the City State of Berlin, Michael Müller, and Cornelia Yzer, the Senator for Economics, Technology and Research in Berlin has to be newly assessed. It's about laying the foundation for needed developments like high speed internet (200 Mbits) and the test field for 5G mobile communications and

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enough working and living space of high quality in a growing community. It will also need concepts enabling people to adapt to a changing environment, in particular at their workplace. Education, training and qualification on all levels are as vital as academia.

Today, despite improved communication and the flexibility it provides to the workplace enterprises will still follow the old law of following their resources when deciding on where to open operations. Today's primary resource is the knowhow and qualification of staff or potential staff. This allows hubs of academic excellence like Boston and Berlin to become more dynamic in their economic developments than other areas – and they are hip for young urban professionals to live in if living remains affordable.

Another paradigm was killed by Markus Graebig: what is called the »Energiewende« in Germany is not a future objective but reality today. Targets have been met ahead of time and now the concept of smart means smart balancing. Germany is able to export the concept of the »Energiewende« acting as an oversize showcase. Of course there are regional differences to be noted and balancing the grid, balancing supply and demand still can be optimized. Megacities will – at least for the foreseeable future – remain net energy importing regions while areas like Mecklenburg-Vorpommern in northern Germany are already today exporting a lot more clean energy than their overall energy demand. Nowadays the focus for smart (or better: essential for survival) in large urban centers is optimizing/reducing consumption and storage.

This said another topic of the conference gains importance for visions of the future which is not really new but needs to draw more attention than its »reduced sexiness« generally allows for: **risk and security!** Critical infrastructures have always been vulnerable to attacks and are likely more so in a digital world where those attacks seem to be easier to implement, hiding the identity of the attacker comes more natural and every smart phone might serve as a Trojan gateway for malware. Contrary to typical German concerns data privacy while affected if we consider for example the digital medical history is not any more the central digital risk and security problem. With regard to urban infrastructures one might take the simple example of synchronized traffic lights for emergency transports regulated by the smart phone in conjunction with a fitness bracelet as release buzzer of the future. With nearly no smart phone protected against malware attacks a virus might infect the whole system and thereby put all traffic lights on red – or green – causing »chaos in the city«. Similar examples might be conceived for any industrial infrastructure where any attack might paralyze the production causing devastating damages. The concept of critical infrastructures forming the core of the IT security law in Germany and followed by most IT-security experts might be as outdated as the concept of smart cities. A tailored approach must be made to protect every system whether industrial, urban or private to stay one step ahead of cybercriminals.

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One of the concepts in this context might be security by design. One of the experts at the Berlin summit  **Creating Urban Tech** suggested that the digital world overlapping reality will have to adapt to reality – unfortunately this includes crime. What will be the role of public authorities – whether local, state, national or supranational – in this context? In the analogous world («real life») there is the police patrol providing at least a subjective sentiment of security – an equivalent for the virtual world might still be missing in the smart cities but it certainly makes sense to discuss it.

In the context of the overall picture of the digital transformation outperforming seemingly modern concepts it might be noted as just one example that the panel at this year's annual membership meeting of AmCham discussed in April in Leipzig »How Digitalization Transforms the Way We Work – A Glimpse Into the Future« and Philipp Justus, MD of Google Germany said that the pace of change will never be as slow again as it is today (<https://www.youtube.com/watch?v=0qbZMuzG8h8>).

Considering all this, the topic of the next Berlin Summit might be

 **Managing Digital Transformation**

with a focal point on questions of managing the risks of digital transformation.

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