

*the* **SHIFTAGE**  
*TREND REPORT*

TRENDS AND FORECASTS

RESEARCH

INTERVIEWS














DIGITAL FORECAST

TRANSFORMING  
CORPORATIONS FOR THE  
21ST CENTURY

TREND LINES



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## SHIFT AGE LINKS AND INTERACTIVITY

This table of contents is live and clickable, as is the entire Shift Age Trend Report. For example you can click on any of the sections to the left and you will go directly to the beginning of that section. Of course you can also read this document in a linear fashion as you have become used to reading such documents in the past. Also please notice that each category of content is color coded. We have done this to aid you in the navigation of what we hope you will find to be a unique and media rich document.

# SHORT TERM TRENDS AND FORECASTS 0 MONTHS - 9 MONTHS

**Economic Trends / Geopolitical Trends / Cultural and Technology Trends  
Energy and Transportation Trends / Healthcare and Medicine Trends**

## **Global unemployment will rise. US unemployment will continue to rise to 11% and perhaps a bit higher moving into 2010**

It was clear to me at the beginning of 2009 that the unemployment rate in the U.S. would reach double digits before the end of the year. This was at that time a much higher estimate than what the Fed was predicting. Unemployment will become a real drag on any recovery. In the US it will be difficult to get back under 9% before the end of 2010. There will be countries in the EU where the unemployment rate will be significantly higher than in the U.S. and will last longer. The definition of unemployment will begin to change.

## **The residential real estate market will bottom out and move toward normalcy**

2009 will be the bottom of the national residential real estate market. Foreclosures and bank sales will be largely over. The market will become a more normal market in Spring 2010, but there will be no strong upward pressure on prices. Extreme bottom fishing will be largely over.

## **Commercial and retail real estate continue to collapse financially putting a big drag on the recovery**

The combination of the over building of the last 10 years in commercial and retail real estate, combined with bankruptcies and contraction on the tenant side, combined with lack of credit to refinance large balloon payments will cause this sector to undergo a near depression. Vacancy rates will be well into double digits and will remain. This of course makes any refinancing difficult. It is a great time to become a tenant or to renegotiate leases.

## **Oil will largely trade within the \$50 - 75 range though there will be occasional upward pressure beyond \$75 due to some degree of speculation.**

Demand has declined dramatically but has leveled off in recent months. Supply has been limited better than in the past by OPEC. Oil futures are now considered an investment vehicle as a hedge against inflation. Do not expect lower oil prices.

## **The current 'reorganizational recession' continues to eviscerate media properties with many magazines, newspapers and even radio and TV stations closing their doors.**

I have spent a good part of my professional life in media. I have also been a student of media, the history of it from the book to the current version of the Internet with video and social media. The current media and advertising recession is different than any in my lifetime and is the most severe since the Great Depression. That one however was due to macro economic factors. The current one is due to several factors and dynamics that are coalescing at the same time.

## ECONOMIC TRENDS

Deflation slows with no inflation, except in the energy sector

The US economy contracts through 2009. Canada may go into expansion in the 4th quarter. The EU will lag behind and be in contraction well into 2010. The Global economy will stay in historic contraction through 2009

"Thrift is the new cool, the new extravagance" will become more embedded in the American consumers' behavior

Global unemployment will rise, US unemployment will continue to rise, to 11% and perhaps a bit higher moving into 2010

The residential real estate market will bottom out and move toward normalcy

Commercial and retail real estate continue to collapse financially putting a big drag on the recovery

Oil will largely trade within the \$50 - 75 range though there will be occasional upward pressure beyond \$75 due to some degree of speculation.

The current 'reorganizational recession' continues to eviscerate media properties with many magazines, newspapers and even radio and TV stations closing their doors.

The contraction of the financial side of sports will continue with full force

California will prove to be the first domino in a growing number of states and cities that face financial insolvency

## SHIFT AGE TREND RESEARCH

Shift Age Trend Research is a partnership with the [Leo J. Shapiro & Associates](#). LJS has been conducting behavior and opinion research for more than 50 years. Their trend research and custom corporate research is among the best in the field. We work together to provide forward facing research for institutions. I have had the good fortune to know both the founders and now the second generation of management of LJS. Owen Shapiro is a principal of LJS.

## SHIFT AGE TREND RESEARCH



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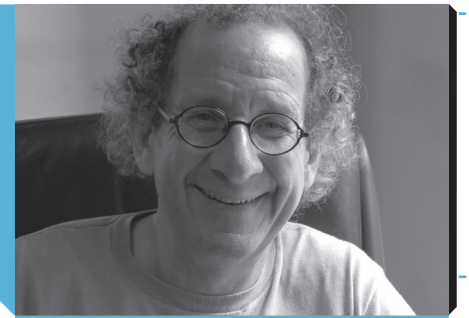
### OWEN SHAPIRO PRINCIPAL OF LJS

#### BIOGRAPHY

With Leo J. Shapiro & Associates since 1984, Owen has been responsible for the conception and execution of a wide range of quantitative and qualitative research projects. Working with a wide range of clients, he has developed particular experience in: i) acquisition research for the venture capital community, ii) brand development and positioning research, and iii) behavior and attitude research for the retail industry. He holds an M.A. from the University of Chicago in survey research methods and statistical analysis. He also holds an M.B.A. from the University of Chicago with a concentration in behavioral sciences.

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### MIKE SHATZKIN FOUNDER AND CEO, IDEA LOGICAL COMPANY



## SHIFT AGE INTERVIEWS

#### Introduction to Mike Shatzkin interview

Mike Shatzkin has been a friend of mine for several years. He has spent a lifetime in publishing and, in my opinion is the smartest person I know about the world of publishing, particularly its future. He recently gave a keynote address at the Book Expo convention and has generously provided his Power Point of that ground breaking presentation. If anyone wants to see what the future of publishing is in the new digital world or is thinking of publishing in this new digital landscape, they should talk to Mike. Enjoy the interview. - David Houle

#### The Interview

**David Houle:** Mike Shatzkin, it's a pleasure to have you here. As you know, I always call you up when I have questions about the future of publishing, and that's what this interview is about, to share the vision of the future that you have with readers.

**Mike Shatzkin:** I'm looking forward to it.

**David Houle:** Okay. So, before we really look ahead -and my readers will have your bio here and know your background, could you take a few minutes and just kind of set the ground-work as to where publishing has been for the last 10 to 15 years. What are the significant changes before we look to the future? What has happened in the last, say 15 or 20 years, that has been radically changed in publishing?

**Mike Shatzkin:** Well, a number of things have happened. We've actually gone through more than one era in the last 15 years. But two very significant things are that books are being sold through the internet, which 15 years ago, almost exactly 15 years ago they were not yet in any significant numbers, and the second is the books can be sold as digital transfers instead of as printed paper. And those are really the two largest changes that have taken place that affect the industry. There are others. The marketing of books has become an on-line endeavor and of course 15 years ago it was totally an offline endeavor. But the sale of books online and the sale of digital downloads are definitely the two biggest changes.

**David Houle:** Right, exactly. And I know that we've had conversations about how publishing is going to have to move from, in your words, horizontal to vertical, and that is partly driven

#### BIOGRAPHY AND CONTACT INFORMATION

Mike Shatzkin, born into a book publishing family, has been working in and around the business since he worked as a clerk in the paperback department of Brentano's Bookstore on 5th Avenue as a high school student in the summer of 1962. He has worked at every stage in the book value chain: author, agent, packager, production manager, editor, marketer, and sales director. He has been an independent consultant since 1979.

Mike's clients have included almost all of the biggest companies in publishing -- Random House, Simon & Schuster, Penguin, Wiley, Scholastic, Hachette, and many others -- as well as their trading partners. The latter includes their customers (Barnes & Noble, Ingram Book Company) and their suppliers (printers and technology companies.) Since the early 1990s, Mike's principal areas of interest have been the "supply chain" and the impact of digital change. His presentations have been a highlight of industry conferences all over the world and his articles have appeared in all the important book trade journals published in English. Mike is also the author of half-a-dozen published books, most of them about baseball.

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### The Shatzkin Files

## SHIFT AGE DIGITAL FORECAST

We now live in the digital age. The Information Age was the time that all things analog became digital. The transition is now complete. There are now two distinct realities, the physical reality and the digital reality or the reality of the screens. The digital reality is ever expanding in influence as we move into the Shift Age. In every issue of this Trend Report we will serve up a look at some future aspect of this digital Neurosphere. We start with a look at the rapidly morphing world of search, something most of us do every day.

## SHIFT AGE DIGITAL FORECAST

#### Introduction to Caleb Poterbin

Caleb Poterbin has been a friend and associate of mine for several years. He serves as the CTO of both the Shift Age Trend Report and the Shift Age Newsletter. He is a keen observer of developments and trends in the digital world. I learn from him in this area. I hope you do too. - D.H.

### CALEB POTERBIN DIGITAL TREND FORECASTER

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## TRANSFORMING CORPORATIONS FOR THE 21ST CENTURY

We are now a decade into the 21st century. Many companies still fundamentally operate as they did in the last century. Marshall McLuhan famously said "Most people drive down the freeway of life looking in the rear view mirror". CEOs are very good at telling their company's story but less able to speak clearly about where the company is going. We are in an age of great transformation. It is often not enough just to "re-engineer", "search for excellence" or try to be "good". We are not only moving into a new century, we are moving into a new age. The Shift Age is and will be a time of great transformation. This means that many companies, to succeed, grow and prosper in the 21st century, must under go a transformation to face forward in this new age. This section of the Shift Age Trend Report will feature first person accounts of CEOs who are leading their companies through transformations.

## TRANSFORMING CORPORATIONS FOR THE 21ST CENTURY

#### Introduction to Darryl Rosser and Sagus International

Darryl Rosser is CEO of Sagus International. He is 18 months into a complete transformation of the company. His is a remarkable story, and he is a remarkable leader. The full disclaimer here is that Darryl was first a client and is now also a friend. I have had the good fortune to be an integral part of his journey of transformation. This certainly will not always be the case in future issues of the Shift Age Trend Report, but for this inaugural issue, I needed to look no further than Sagus International to find a company that is in the process of transformation to better face the 21st century. - D. H.



### DARRYL ROSSER SAGUS INTERNATIONAL

#### BIOGRAPHY AND CONTACT INFO

Darryl Rosser received his B.S. degree from Auburn University in Industrial Management and continued graduate studies at the University of Texas at Dallas. He began his career with Texas Instruments where he continued on the fast track management path, culminating with the position of Director of Operations for the Industrial Systems Division. Darryl furthered his career as Senior Vice President of the Wurlitzer Company, President of The Falcon Companies, and President of the Contract Division of Brown Jordan International, before joining Sagus International. Darryl joined Sagus in 2005, and is presently President and Chief Executive Officer of Sagus, which has as its mission the commitment of transforming learning environments to improve educational outcomes.

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