

## **THE THIRD WAVE BY STEVE CASE BOOK SUMMARY & PDF**

The Third Wave by Steve Case is an insightful look into the future of startups and entrepreneurs in our ever-evolving technological world. Examining experiences from his own life, large global companies and recent stir-ups such as Uber, Case shares plenty of advice for those looking to achieve more and succeed in what he is calling 'the third wave'.

### **THE THREE WAVES OF THE INTERNET**

The First Wave - 1985-1999, Building the internet. Driven by people, products, platforms, partnerships, policy & perseverance.

The Second Wave - 2000-2015, App Economy & Mobile Revolution. Driven by people, products and platforms.

The Third Wave - 2016 onwards, The internet of everything. Driven by people, products, platforms, partnerships, policy & perseverance.

#### **The first wave**

It might seem that the lessons from the First Wave of the Internet are ancient. Outdated. Of little use to the contemporary entrepreneur. Yet, even with the most modern technology, the entrepreneurs of the Third Wave will spend a great deal of time focused on things other than tech.

Where the first wave worked to make connections to the Internet itself, the entrepreneurs of the third wave will work on connecting the Internet to everything else. And in critical ways, their experience is going to be more analogous to the First Wave than to the second.

#### **The second wave**

During the Second Wave, the surge in Internet usage, coupled with the rapid adoption of smartphones, led to an explosion in social media and the creation of a thriving app economy. Some of the most successful companies, such as Snapchat and Twitter.

But there are signs that this model is now peaking, that a new wave is about to break. And there is growing evidence that this new period will look quite different from the Second Wave—and quite similar to the First.

### **The third wave**

The Third Wave of the Internet will be defined not by the Internet of Things; it will be defined by the Internet of Everything. We are entering a new phase of technological evolution, a phase where the Internet will be fully integrated into every part of our lives—how we learn, how we heal, how we manage our finances, how we get around, how we work, even what we eat.

As the Third Wave gains momentum, every industry leader in every economic sector is at risk of being disrupted. Think about what's been happening in Silicon Valley over the past few decades and imagine what it will look like when we apply that same culture of innovation and scope of ambition to every part of our economy. That's the Third Wave—and it's not just coming; it's here.

### **AREAS TO DEVELOP**

If you're a tech entrepreneur looking for an industry to disrupt, investigate the following;

- Healthcare, of course, in the Third Wave, it won't just be doctors who analyze your health data; it will be third-party apps designed to keep you healthy.
- Education, more personal. More individualized. More data-driven. Software that adapts based on how a student learns best. Students of the not-too-distant future might have the equivalent of a virtual tutor.
- Food, the food industry is a \$5 trillion sector. Any Third Wave entrepreneur would look at those numbers and see opportunity. A chance for innovative Third Wave companies to challenge the way food is produced, distributed, and consumed.

### **THE THREE P's**

The startups of the Third Wave will collectively shape what could be one of the most thrilling chapters in the history of American entrepreneurship. They will pursue bold visions, but their true gift will be mastery of execution.

What do I need to do differently if I'm going to start a Third Wave company? It all comes down to the three P's; partnership, policy and perseverance.

### **Partnership**

During the Third Wave, a great product will only get you so far. You typically won't be able to build an audience by dropping your app in the App Store and waiting for users to sign up. That's because most Third Wave industries have gatekeepers.

For the most part, success will hinge on an entrepreneur's ability to form constructive, supportive partnerships with the organizations and individuals that can influence those decision makers and, eventually, with the decision makers themselves. These Third Wave companies won't have the option of going it alone.

Partnerships in the Third Wave are the prerequisite for success. And that can create a Catch-22—where a company needs a partnership before it can get funded, but can't secure a partnership without showing proof of concept. Getting over that hump will require persistence—and patience.

### **Policy**

Third Wave industries are some of the most regulated in the country—and usually for good reason. We don't want businesses selling drugs that haven't been approved by the FDA.

Government will always play a role in Third Wave industries, and that means Third Wave entrepreneurs must have a fluent grasp on the policy issues they will encounter.

### **Perseverance**

Perseverance is part of the story of every successful company. But Third Wave entrepreneurship will require a special kind. A great Third Wave idea will have dozens of obstacles to viability, not just with hardware and software but with logistics and supply chains, with partnerships and policy.

The Third Wave will require a high degree of adaptability. Your initial product may not survive its first contact with the marketplace. Or with regulators. Or, perhaps partners you seek to align with will demand some adjustments. You'll have to keep adjusting, tweaking, pivoting. Persevere.

## **DISRUPTION**

As the Third Wave approaches, many long-established, stable, profitable corporations will be in jeopardy. Many of these industries were somewhat immune to technological changes in the first two waves of the Internet and may, as a result, face this next wave with complacency. They do so at their own peril.

In some industries, the most successful Third Wave companies may also end up being the most established. They'll be the companies that took the Third Wave seriously enough to get ahead of it.

### **Manage the coming wave**

Incumbents often fail because they underestimate the speed at which the future is approaching. People at startups think about the future every day.

The corporate mind-set is often to avoid mistakes, but in a world that changes rapidly, doing nothing can be the biggest mistake.

Frequently, large companies have a decision-making process where many people have the power to stop an idea, but very few have the authority to green-light one.

Too often corporate executives are too shortsighted to understand how technology that is disrupting a different industry might be adapted to do the same to their own. Uber might be disrupting taxi services today, for example, but as they move into the delivery business, will Uber disrupt FedEx or UPS tomorrow?

Corporate recruiters need to be working overtime hiring and retaining and celebrating and protecting the innovators within their walls. There is a mythology in the tech world that the best talent gravitates toward startups.

## **THE RISE OF THE REST**

Entrepreneurs are cultivating the skills and creativity to come up with great ideas in the middle of the country. But then they are taking their ideas—the company behind it, the jobs that come with it, and the economic activity that surrounds it—and moving out of town.

Over the next two decades we will see cities that were once marginalized become entrepreneurial powerhouses.

This geographic diversity is vital to our future. Startups are the engine of our economy. The communities they form, the talent they recruit, the products they make, the jobs they create, and the lives they improve can all be leveraged to transform communities.

The rise of the rest can mean diversity of opportunity. It can mean breaking the cycle of money flowing to the same kinds of people for the same kinds of ideas. And it can mean lowering the barrier to entry across the board for entrepreneurs, no matter their background or geography.

The rise of the rest isn't just going to spread the rewards of the Third Wave around; it's going to create more of them. We will see more people starting more companies to solve more problems and seize more opportunities—many of which will never land on Silicon Valley's radar. The leaders behind these emerging companies will end up being the most diverse group of CEOs ever.

## **IMPACT INVESTING**

Impact investing provides the best of both worlds. You can generate a financial return while enabling a societal benefit—driving both profit and purpose.

Indeed, because of the impact Third Wave industries have on our lives, the most successful startups will already consider social benefit as a core tenet of their missions. That commitment to impact will make them attractive to those who are seeking to reshape the world with their investments. And the influx of “impact” investments will only further encourage other companies to adopt a similar model.

As investors, millennials, are far more committed to creating positive social change with their investment decisions. And as customers, millennials want to make a positive impact with their purchases.

## **Convergence**

What we are seeing is the convergence of three powerful megatrends—the Third Wave, the rise of the rest, and impact investing—and the chance for a supercharged result. As market incentives continue to drive each of these phenomena, the landscape will change profoundly. Because if Third Wave entrepreneurs, funded by committed impact investors, build successful companies in rise-of-the-rest cities, an economic transformation isn't just possible; it's inevitable.

## **THE VISIBLE HAND**

Government is going to be central in the Third Wave. Full stop. It doesn't matter what your view of it is; if you can't figure out how to work with government—and how to get government to work with you—you're likely not going to be a successful Third Wave entrepreneur.

Ultimately, it's government that sets and enforces the rules. Lawmakers decide how easy it ought to be for companies to gain access to global talent and venture capital; how simple it ought to be to start a business and scale it up; how much federal money to invest in research and development, in the creation of new ideas that companies can commercialize.

### **Government as innovators**

Government's role isn't to commercialize new innovations; it's to push technological advancement forward in areas that the markets won't address on their own—to get ideas and innovations to a point where entrepreneurs with vision can turn them into viable products and businesses.

### **Government in the third wave**

Government's role in the Third Wave will be critical in two key ways: as a regulator and as a customer.

Government will have to approach startups and new technology in a way that balances security and privacy needs against the enormous economic potential that the Third Wave represents? Striking this balance is both critical and complicated.

Yet for many Third Wave companies, government won't be thought of solely as a regulatory wild card. It will also be viewed as a major potential customer. Indeed, I would expect that in the coming decades, we will see dozens of companies reach unicorn status by making products principally to sell to governments around the world.

## **AMERICA DISRUPTED**

We should be mortified by how little we've been investing in possible breakthrough technologies. In 2015, federal investments in R&D amounted to 0.69 of a percentage point of GDP—the lowest level it's been at since the 1950s.

The lack of investment has crippled programs and institutions that have been among the most critical launch pads for innovation.

In shrinking our commitments to research and development, we are decreasing our long-term economic potential and squashing our ability to create tomorrow's great innovations.

### **Make it easier for startups**

Every single day, Americans come up with great ideas they could conceivably turn into a business. But few of them go forward with it. One of the greatest difficulties of starting a business is finding capital. But it doesn't have to be this way. In the age of the Internet, connecting ideas and investors could be a much easier process—and the federal government can facilitate it.

### **Make it easier to hire top talents**

There are many, many immigrants with good ideas. The percentage of companies founded by immigrants has declined more than 16 percent since 2005,<sup>9</sup> and just about any startup founder can tell you what a nightmare it is to obtain a green card for a prized employee.

### **Write new rules for a new era**

The economy changes far faster than the rules governing it. The system we have in place to regulate business is stuck on twentieth-century notions of how the American economy works—some of which no longer make sense. Our legal system's view of employment wasn't designed for the freelance economy.

## **RIDE THE WAVE**

To those who consider themselves entrepreneurs: Our country—and the world—depends on you. Our future is going to rise and fall with the dreamers and doers, the builders of new technologies and the breakers of old orthodoxies.

So let us set our ambitions high. Let us worry a little less about our net worth and a little more about our net impact.

And remember this: The Internet of Everything will affect every aspect of our lives, in increasingly seamless ways. Use this tool to your advantage.

Take action. Be fearless. You may stumble, but get back up. Keep going. Keep tinkering. Build something that makes you proud—but not satisfied enough to stop dreaming about what comes next. Enter the arena. Topple an empire and build your own from the ground up. The world is waiting. Are you?