

Hands Up

Why Transform?

*The unit objectives are to investigate what kinds of **factors influence the international business strategies** within an organisation to work towards **achieving a competitive advantage.***

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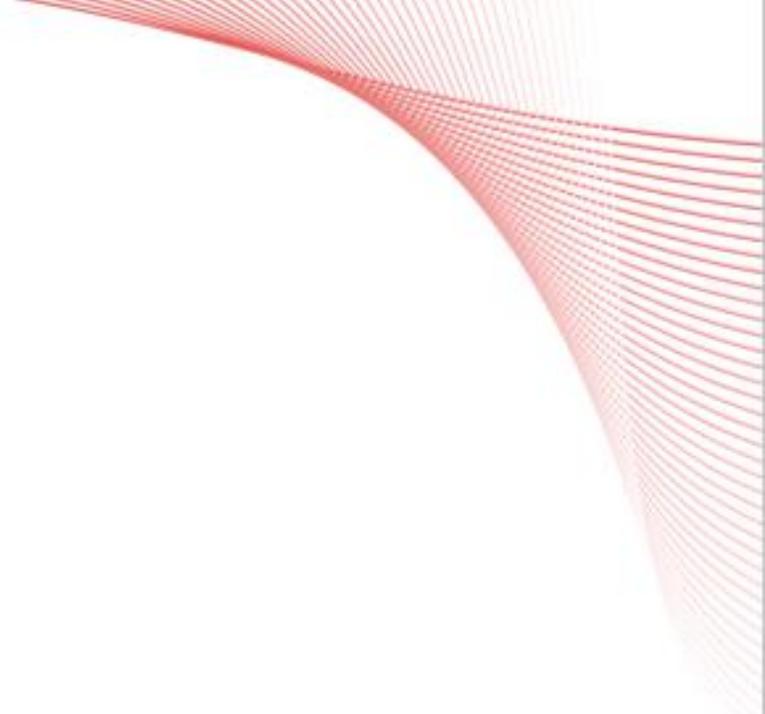
8 year old Research & Advisory Firm

Vision

ADAPT's vision is to make Australia a more commercially competitive, productive and differentiated global player.

Execution

Equipping executives with the knowledge, relationships, inspiration and tools needed to gain competitive advantage.



Mounting Pressures Disruption New Business Models

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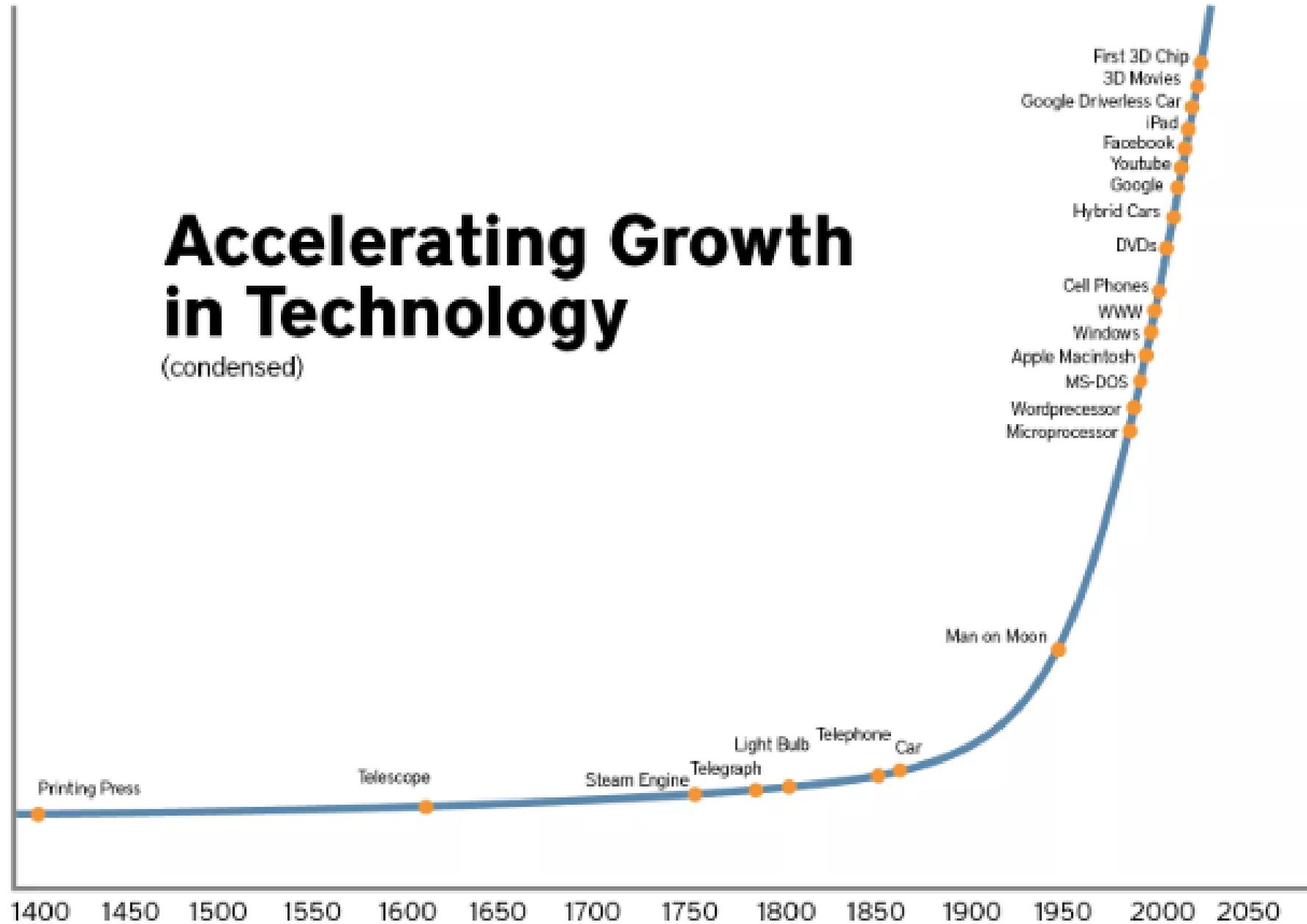
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Exponential

Accelerating Growth in Technology

(condensed)



Our intuition about the future is linear. But the reality of information technology is exponential, and that makes a profound difference. If I take 30 steps linearly, I get to 30. If I take 30 steps exponentially, I get to a billion.

~ Ray Kurzweil

Mounting Pressures

- Accelerating pace of change
- Product lifecycles are compressing at a significant rate
- Competition intensifying
- 2010 (1.2 Billion) -> 2015 (2.8 Billion) -> 2020 (7-8 Billion) People Online
- Barriers of entry reduced
- Marginal Costs lower than ever
- Millions of jobs being automated

Fundamental Shifts in our Societal Architecture

By 2029, we will be able to meet the entire worlds energy needs through Solar alone.

The rules in which our social, political and economic structures were designed and built on are changing – putting everything we've know at risk of disruption.

Pressure = Fear

A state of fear and uncertainty makes it hard to think long term.



Mining in Oz

Australia's Second largest export is Coal – We supply 38% of the worlds demand

- Politicians will proudly tell you that Coal exports increased by 49% from 2008 – 2016.
- They wont mention that in that time, **the value of those exports collapsed 38%...**
- 2016 = Solar power became cheaper than coal.
- 2017 = Wind power is cheaper than coal.

From Fear to Opportunity

Re-Define Strategy

How long are strategic roadmaps in most traditional businesses?

3-5 years

*This isn't effective anymore. Incremental changes **will** happen resulting in better operational efficiencies, but the business **wont** transform.*

*All of our organisations are built to resist
change and withstand risk.
We run them on KPIs, 5 year strategic plans
with standard operating manuals.
They are built for predictability, reliability and
failure is not acceptable*

From Fear to Opportunity

Re-Define Strategy

Zoom Out: *10 – 20 years*

- What is our industry going to look like in that time
- What kind of company do we need to be to thrive in that world

Zoom In: *6 – 12 months*

- What are the 2-3 initiatives that need to pursue to have the greatest impact in accelerating our progress to the end goal
- Do we have critical mass of resources against those 2-3 initiatives.



Zoom out Zoom in forces focus in the short term, driven by a sense of destination of where we need to go in the long term. That's powerful.

One of the key issues in a rapidly changing world, is maintaining focus.

~John Hagel

From Fear to Opportunity

Re-Frame Innovation

Traditional Innovation = Product or Process

Institutional Innovation: *Why do we have large institutions?*

Ronald Coase found something we all know to be true: *It is easier and lower cost to coordinate activity across a large number of people if they are all in one institution.*

Move from Scalable Efficiencies toward Scalable Learning (Leveraged Growth, Ecosystem Partnerships etc)

The traditional approach to scalable efficiency worked very well in more stable environments. That's what made it possible to specify in advance, standardize and tightly integrate. But, how well does that approach work in a world that's more rapidly changing, with more and more uncertainty and unexpected events that no one anticipated?

~ John Hagel

From Fear to Opportunity

Re-Think Transformation

Legacy modernisation

Integration

Data Analytics

AI

Machine Learning

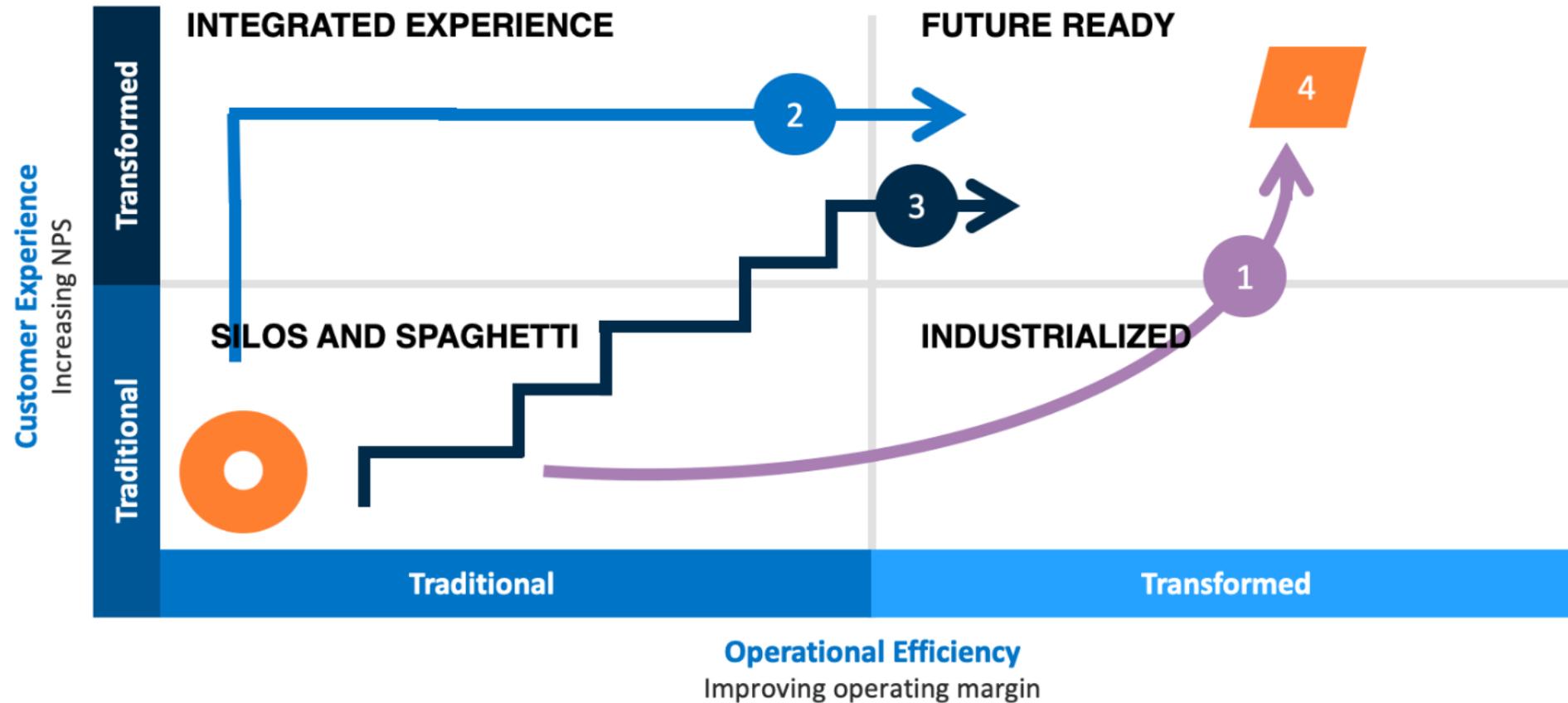
Chatbots

Automation

=

DOING THE SAME THINGS
FASTER & CHEAPER

THE FOUR PATHWAYS TO FUTURE READY



The lines are the transformation pathways. Quadrants are splits at 2/3 along each axis. Customer Experience= effectiveness on customer knowledge+ omnichannel capability+customer experience projects+customer experience performance. Operational Efficiency =effectiveness on automation and employee productivity projects+% of core capabilities with APIs+cost of operations performance. Sources: Quadrants are derived from data from MIT CISR 2015 CIO Digital Disruption Survey (N=413) and 2016 company interviews.

Source: MIT CISR 2017 and ADAPT CIO Edge survey, 2018

We are living in a world that is being shaped by exponential technologies, but the mindset, approaches and institutional practices we use, continue to be linear ~ Salim Ismail

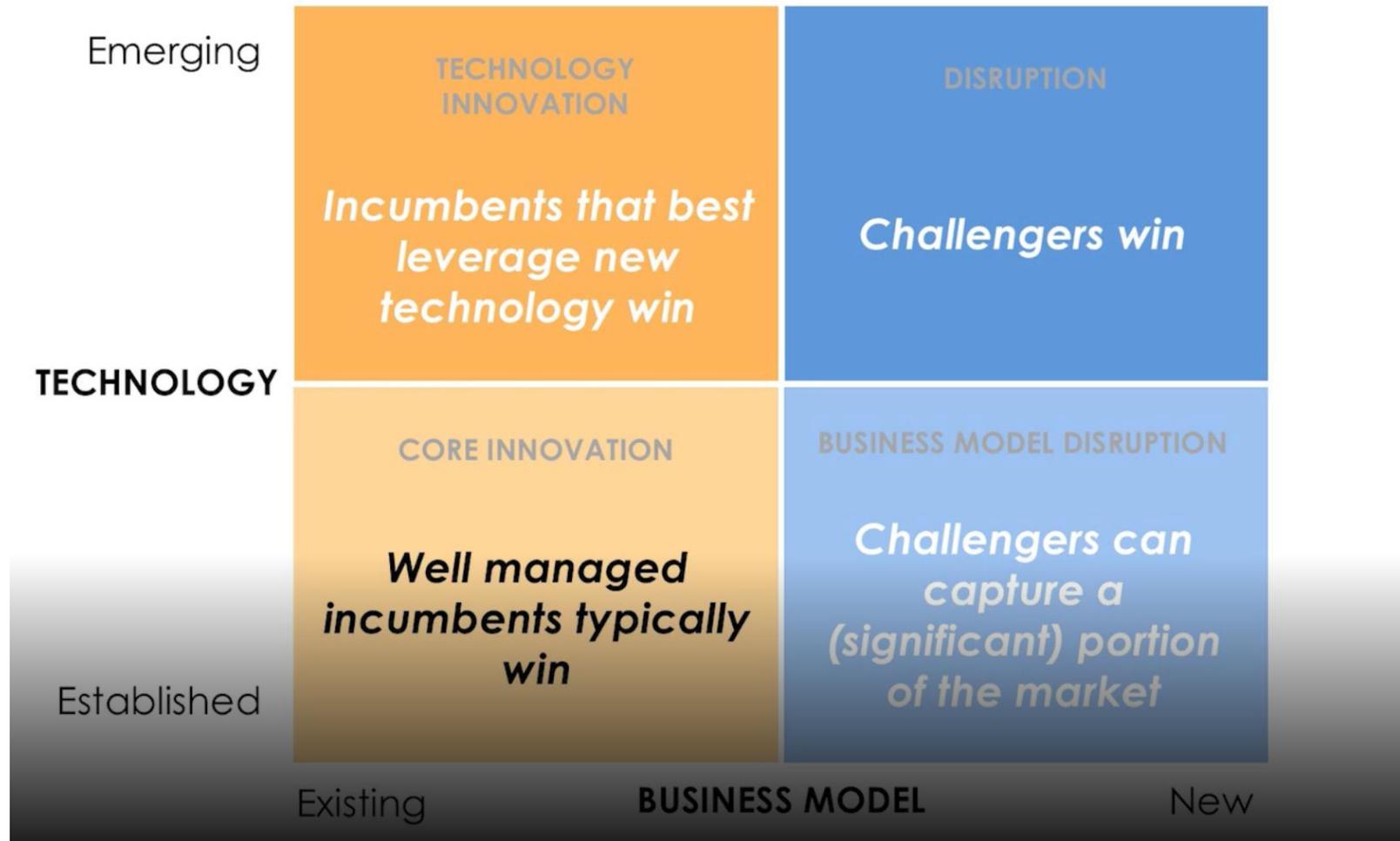
Define Disruption

*“a new way to solve and
old problem”*

Retail

“Never challenge an incumbent with the same business model”

To have a fighting chance, challengers **MUST** leverage a new business model (together with technology). . .



The Transformation Journey

Step 1: Digitisation & Organisational Architecture

Step 2: Create Robust Customer Interfaces

Step 3: New Business Model

Digitisation & Organisational Architecture

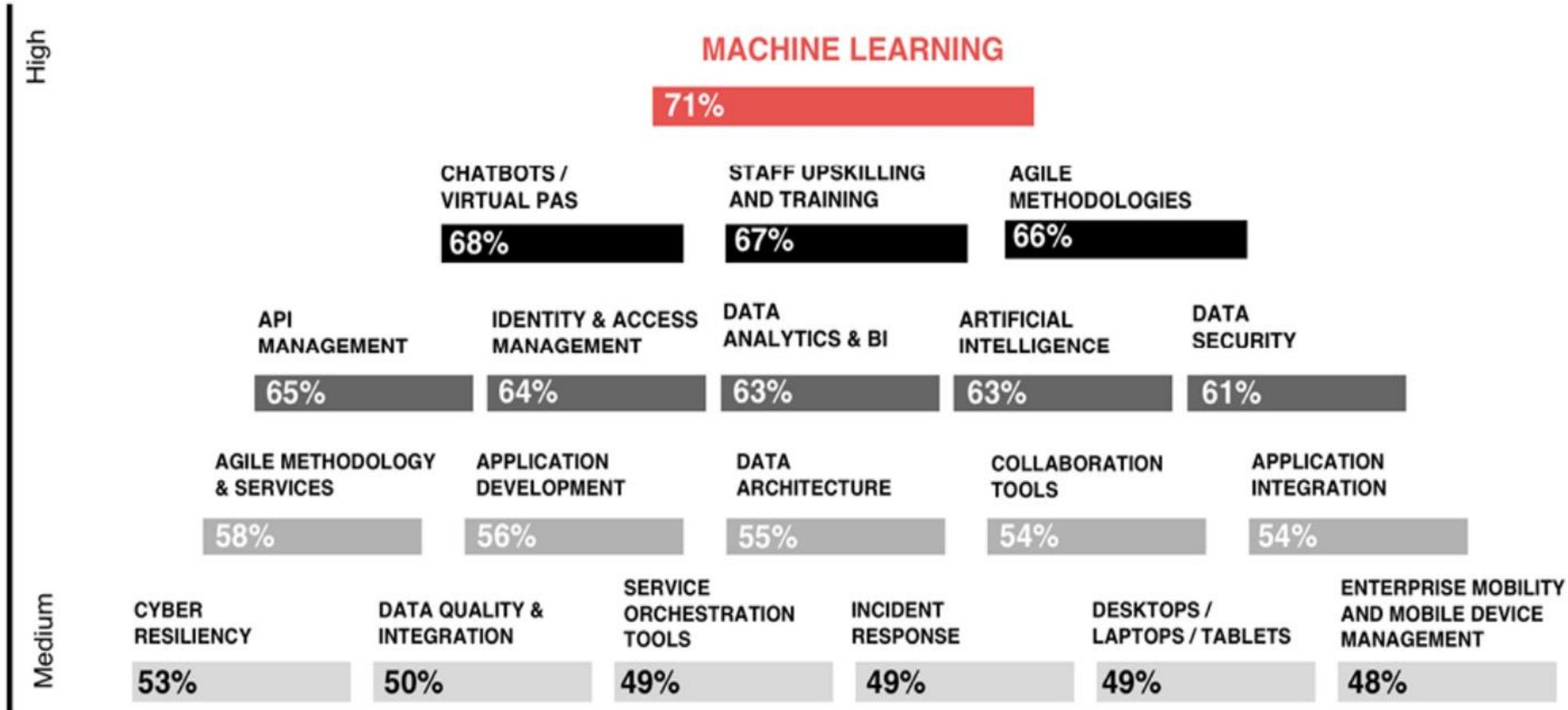
- All about operating and optimising core processes
- Most Australian companies are trapped here
- Highly Reactive

“Its like changing the tyres on a moving car”

- This is a necessary foundation that organisations must establish

Digitisation & Organisational Architecture

% of Delegation



Create Robust Customer Interfaces

Companies that don't face imminent disruption invest heavily here

Airlines:

1. What problem do they solve?
2. Is there another way to solve this problem?
3. How do they compete?

Nokia & BlackBerry: Was it the Business Model that Failed?

- Needed to experiment with new interfaces, but couldn't give up those damn buttons!

New Business Model

Companies that do face disruption must explore the idea of fundamentally re-inventing the way they operate.

- Businesses make decisions based on data and it is impossible to have any data on the future.
- A challenge for businesses is taking action with imperfect data.
- Blockbuster had a streaming service business ready to go ... why didn't they do it?

Woes Unite Foes

Organisations facing disruption often collaborate to survive i.e sharing warehouse to cut distribution costs.. We are seeing a rise in partnerships and M&A's as a result of disruptive challenger organisations

Airlines

Healthcare

Professional Services

Energy

Banking

Manufacturing

Automotive

Retail

Education

Your Task:

1. What customer problem is being solved
2. What is there existing business model
3. Zoom Out: what will it look like in 10-20yrs
4. Zoom In: What is 1 thing they can do in the next 6-12 months to move the needle in the right direction
5. Create and pitch a challenger with a different Business Model

5

4

3

2

1

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Assignment

The Higher-Education industry and organisations operating within it find themselves on the brink of disruption.

Catherine Friday, Partner, Oceania Education at EY, highlighted the '*five transformative external forces*' driving change in higher education: *The Rise of Continuous Learning, Changing World of Work, Evolving Digital Behaviour, Blurring Industry Boundaries and Increasing International Competition*.

Applying the principals covered today, I challenge you to:

- a. Select an organisation within the Higher Education Sector
- b. Analyse the existing market environment and forecast how exponential technologies and new market circumstances threaten the existing business model of your organisation
- c. Perform a Zoom Out analysis: Forecast with justification what the Higher Education industry might look like in 10 – 20 years
- d. Perform a Zoom In analysis: Suggest 2-3 initiatives your organisation should execute on in the next 6-12 months to begin the journey required
- e. Re-Frame Innovation: Look beyond product or process changes – What institutional / Business Model changes must be made for your organisations to compete effectively and thrive.

Please feel free to connect with me and stay in touch!



Anthony Saba 

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