



Stefan Korn

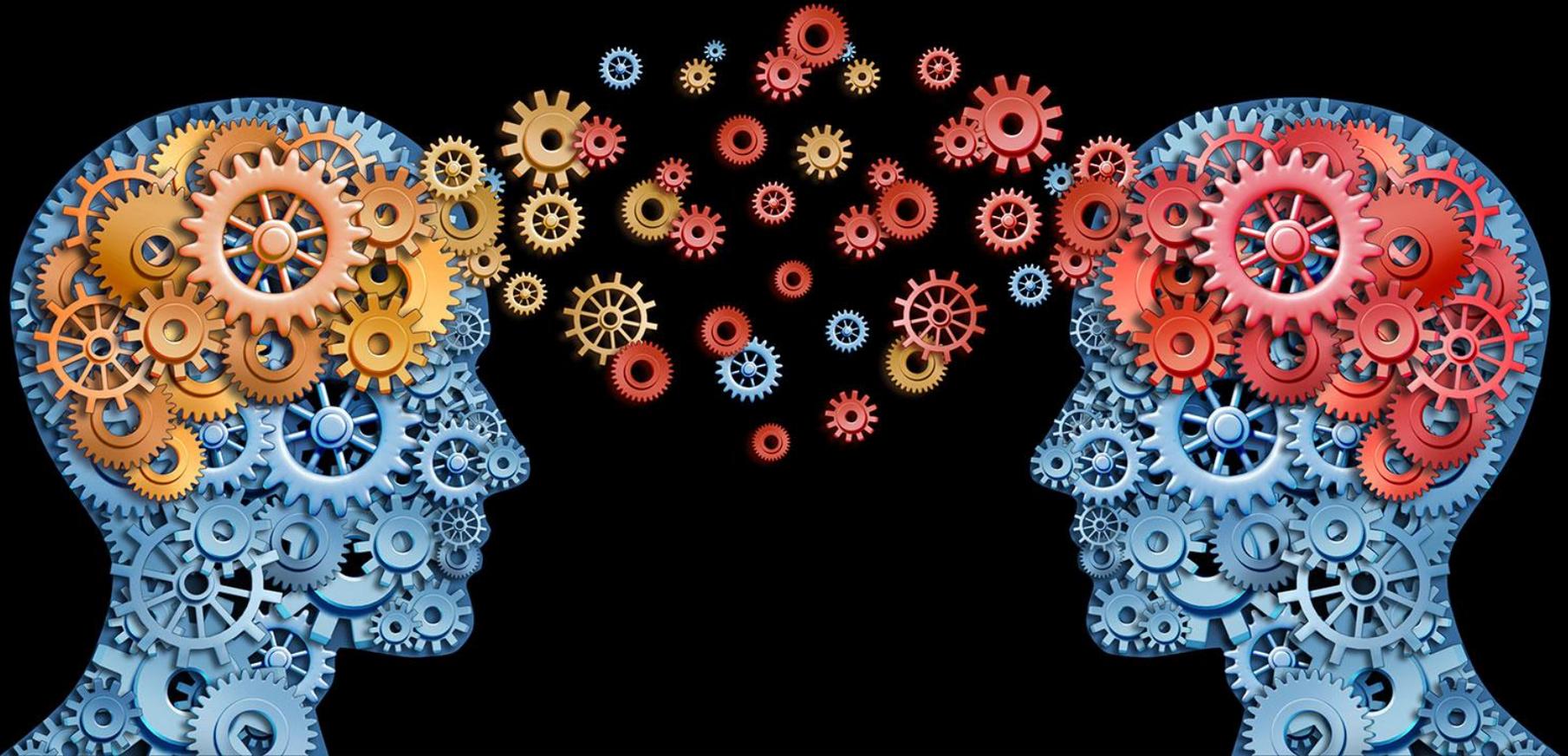
CEO Creative HQ

Start-ups, innovation and disruption
- embracing uncertainty and dealing with inherent risk



CREATIVE|HQ

Transforming ambition into global impact



RISK NZ

DEVELOPMENT DAY
15TH SEPTEMBER 2016

Driving prosperity and value from risk



PROUDLY SUPPORTED BY:
JLT & SAI GLOBAL

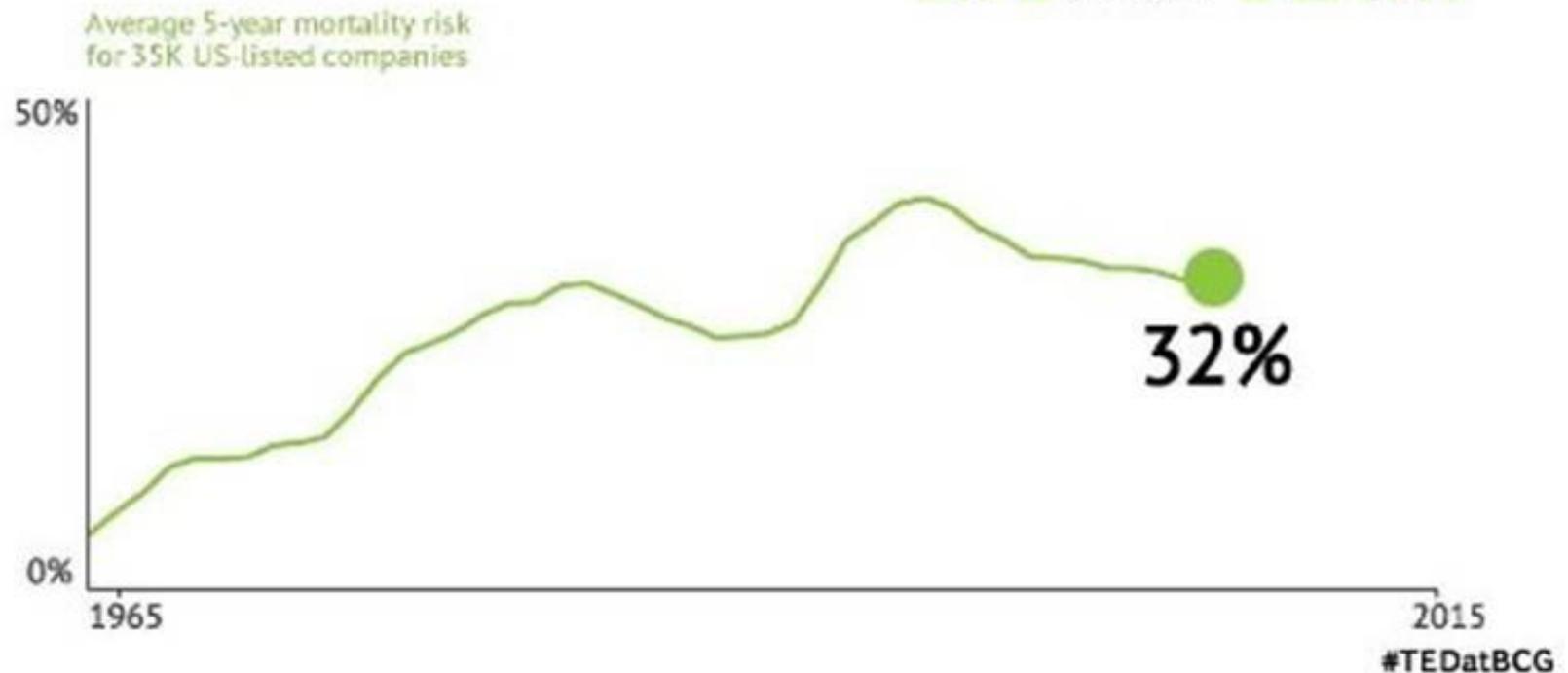


Startups, innovation and disruption
embracing uncertainty and dealing with inherent risk

September 2016

What's the #1 business risk?

A MATTER OF
LIFE AND DEATH



Exponential Disruption

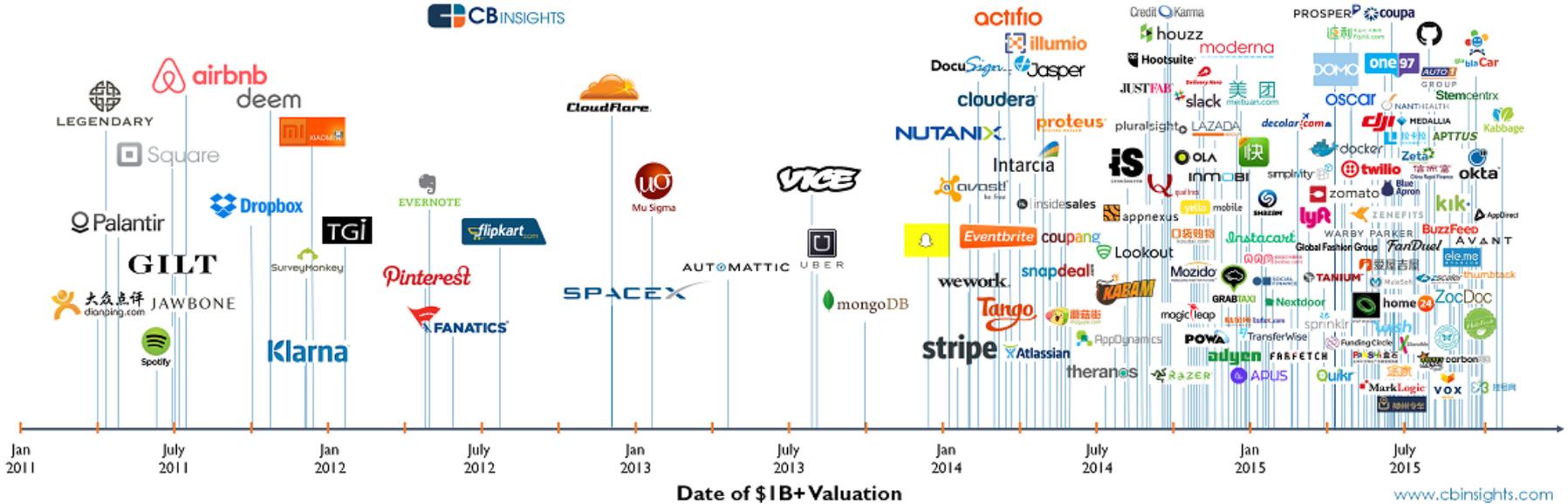


Unicorns used to be rare

The Increasingly Crowded Unicorn Club

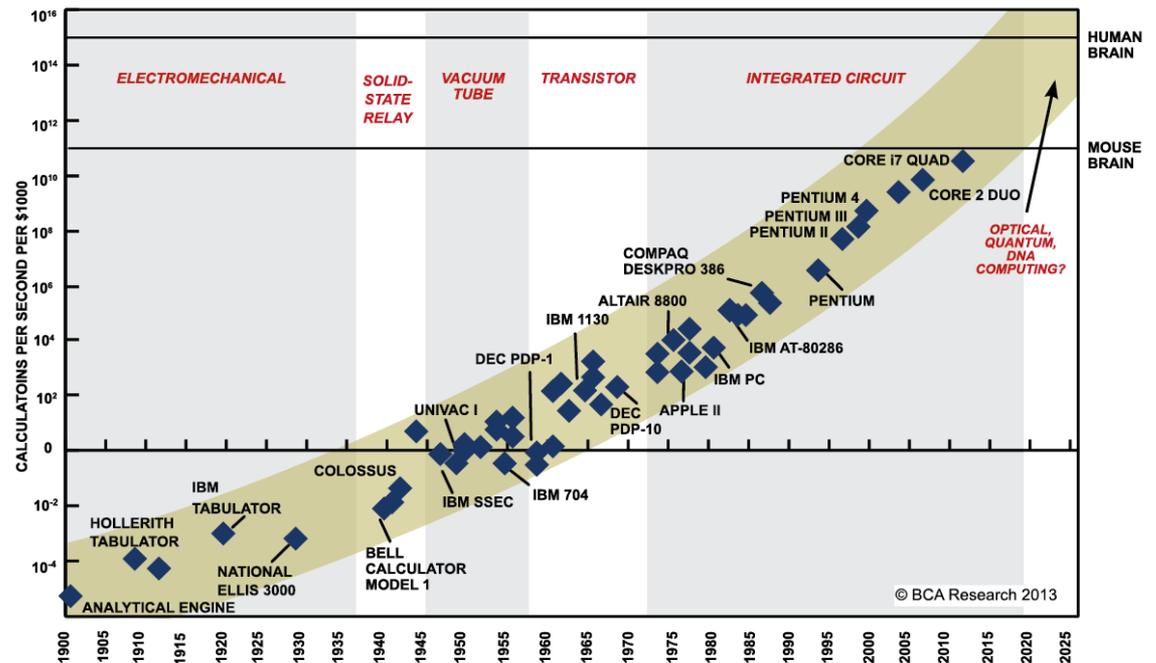
Private Unicorns since 2011

Created by:



Everything digital grows exponentially

In 1965, Intel co-founder Gordon Moore observed that the number of transistors on a chip had been doubling every 12-18 months. He predicted this trend would continue. It became known as “**Moore’s Law.**”



SOURCE: RAY KURZWEIL, "THE SINGULARITY IS NEAR: WHEN HUMANS TRANSCEND BIOLOGY", P.67, THE VIKING PRESS, 2006. DATAPPOINTS BETWEEN 2000 AND 2012 REPRESENT BCA ESTIMATES.

Although Moore was just looking at transistors on a chip, this doubling trend has held true across all computing technology for over 100 years

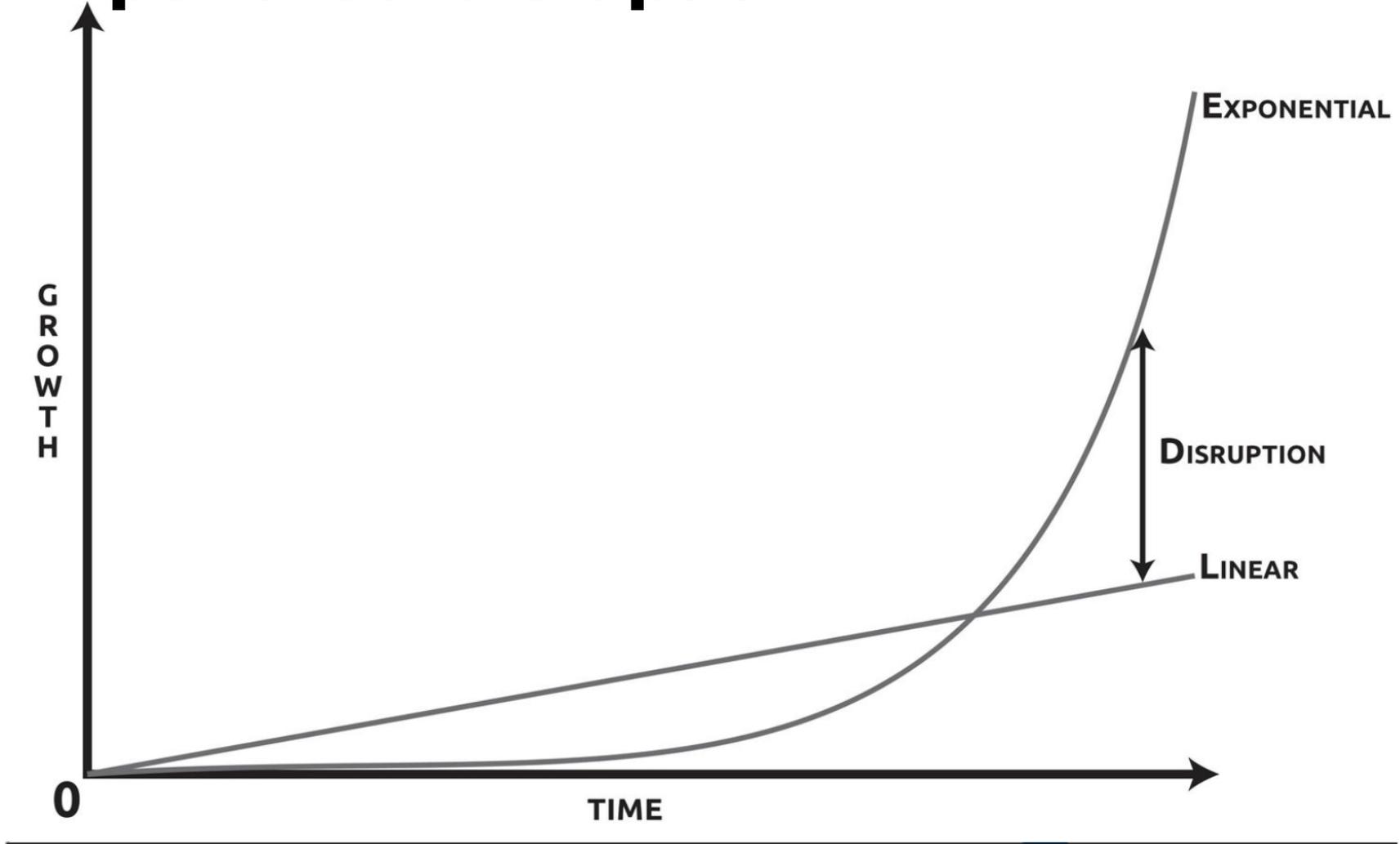
Humans are notoriously bad at estimating exponentiality

30 LINEAR
STEPS =
30 METRES

vs.

30 DOUBLING
STEPS =
26x AROUND
THE WORLD

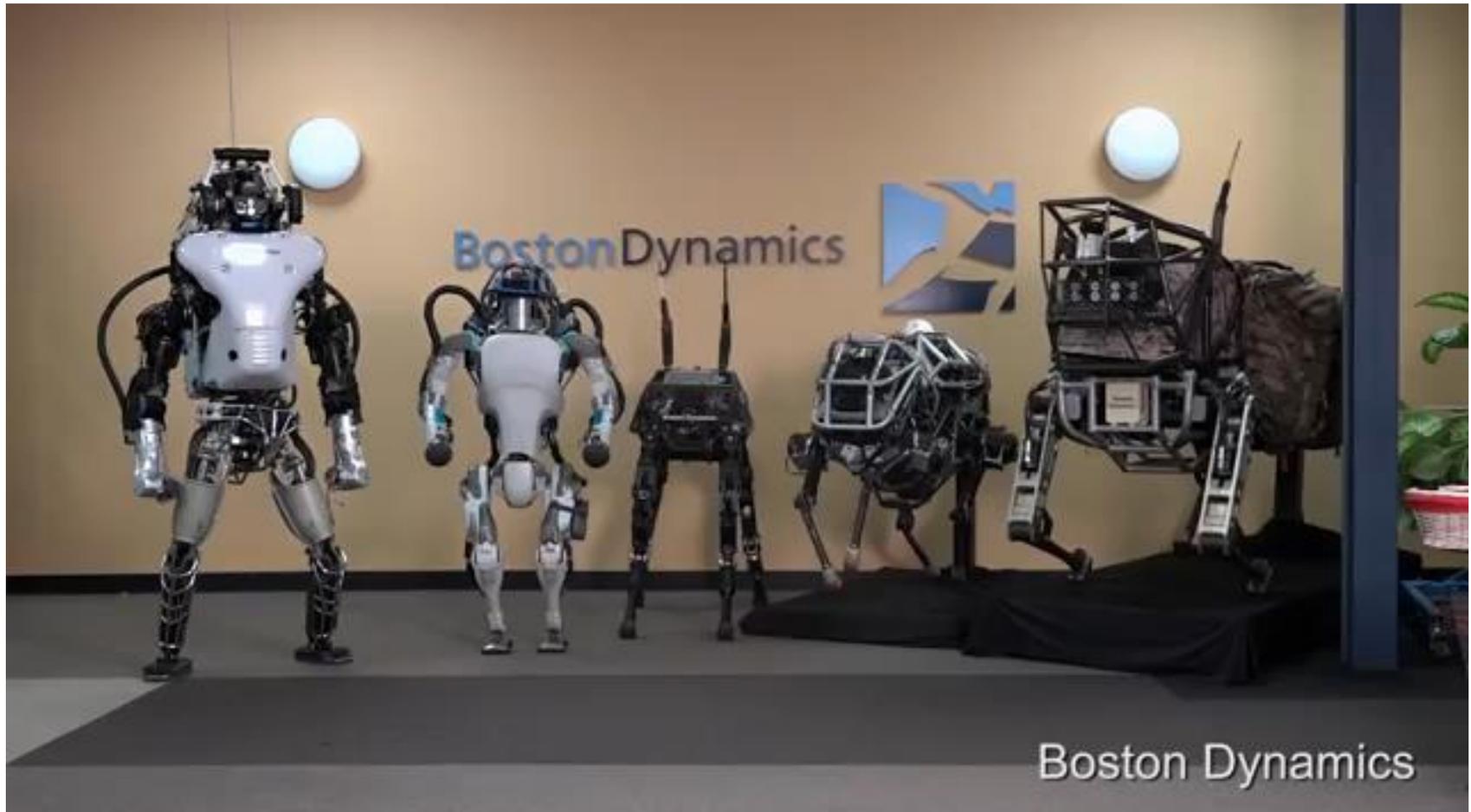
Exponential disruption



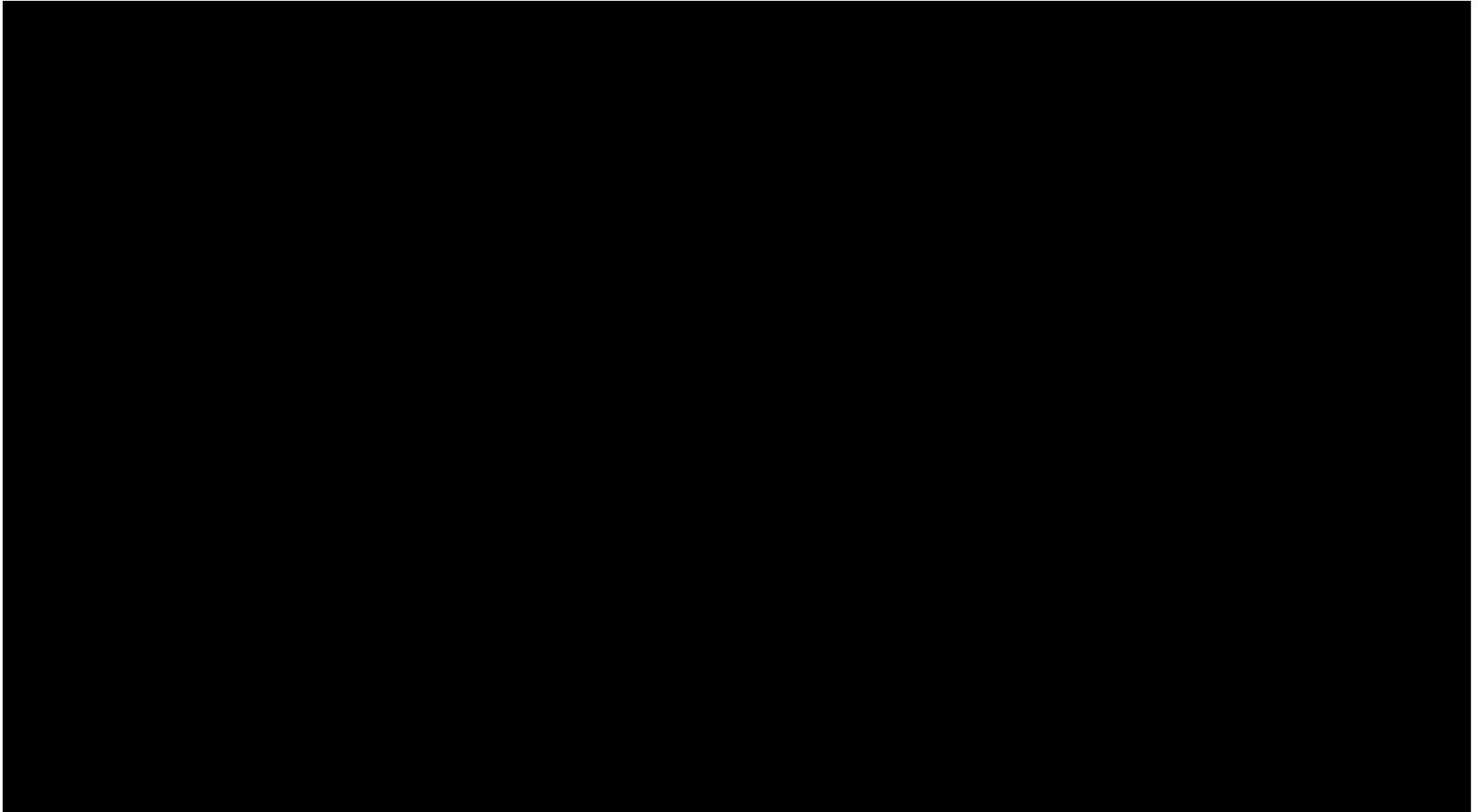
Exponential Technologies - how soon is now?



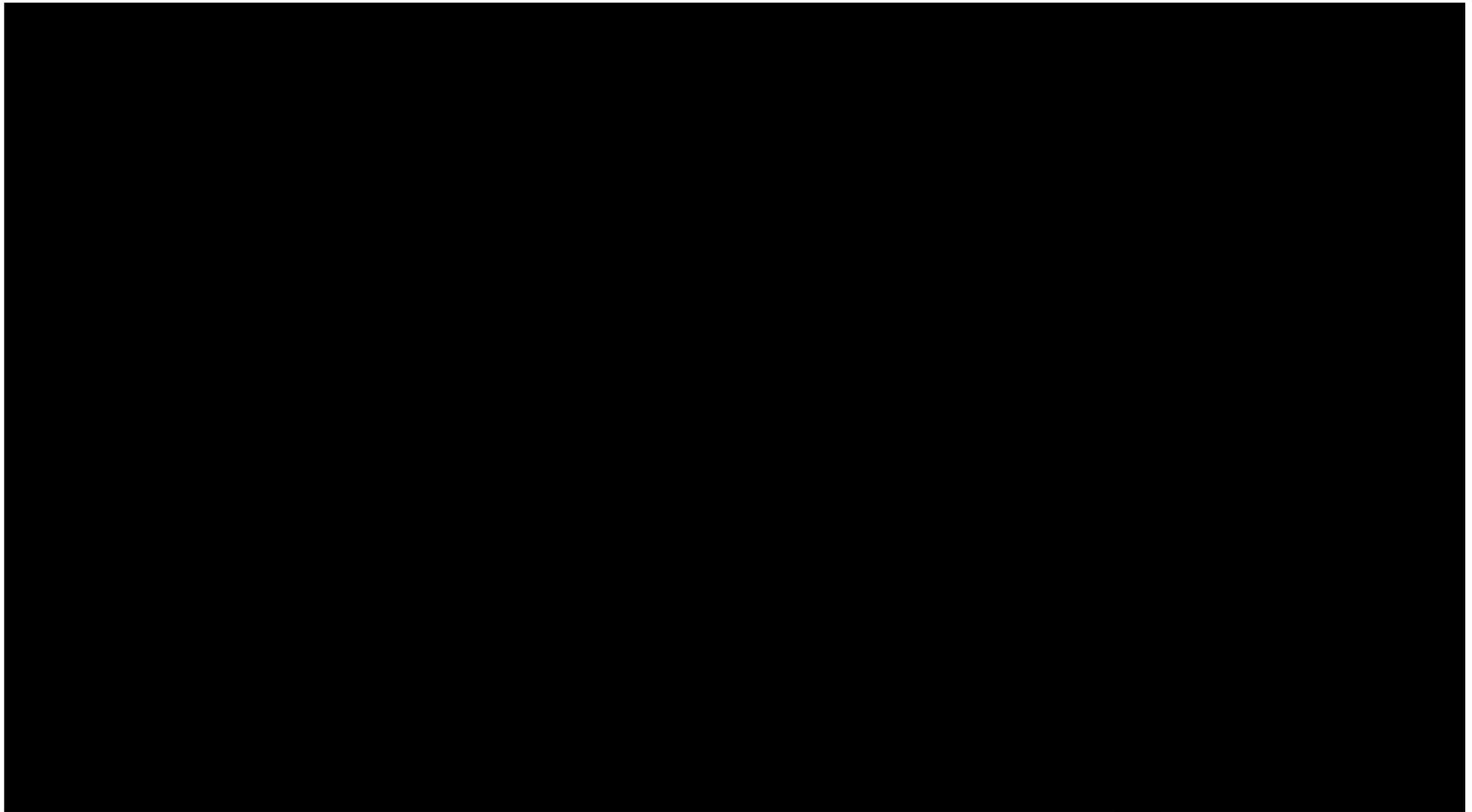
Exponential Technologies - how soon is now?



Exponential Technologies - how soon is now?



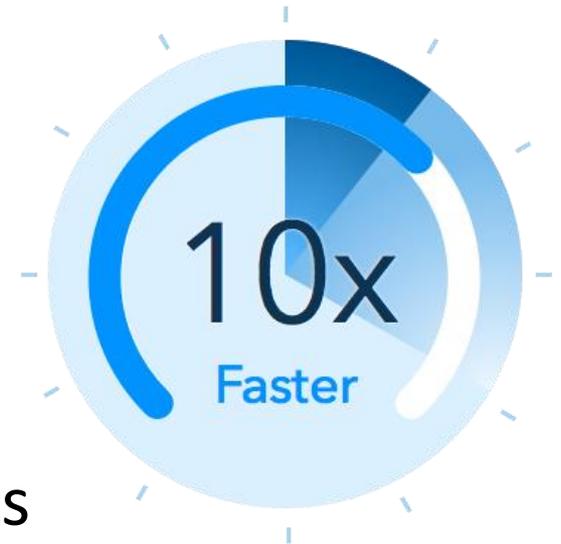
Exponential Technologies - how soon is now?



Not just computing ...

These industries are disrupted by exponential technologies (Singularity University, 2016):

- Transport / logistics
- Medicine
- F&B
- Biotech
- Energy
- Hardware (nanotech)
- Artificial Intelligence / Robotics



The rise of Exponential Organisations (ExO)



Exponential Organisations

World's largest taxi company owns no cars	Uber
Largest accommodation providers owns no hotels	AirBnB
Largest communications companies own absolutely no telco infrastructure	Skype, WeChat
World's most valuable retailer has no inventory	Alibaba
World's largest movie house owns no cinemas	NetFlix

Making use of exponential technologies, agile throughout, flat hierarchies, virtually 0 overheads.

How do ExOs work?

MTP + 10 dimensions

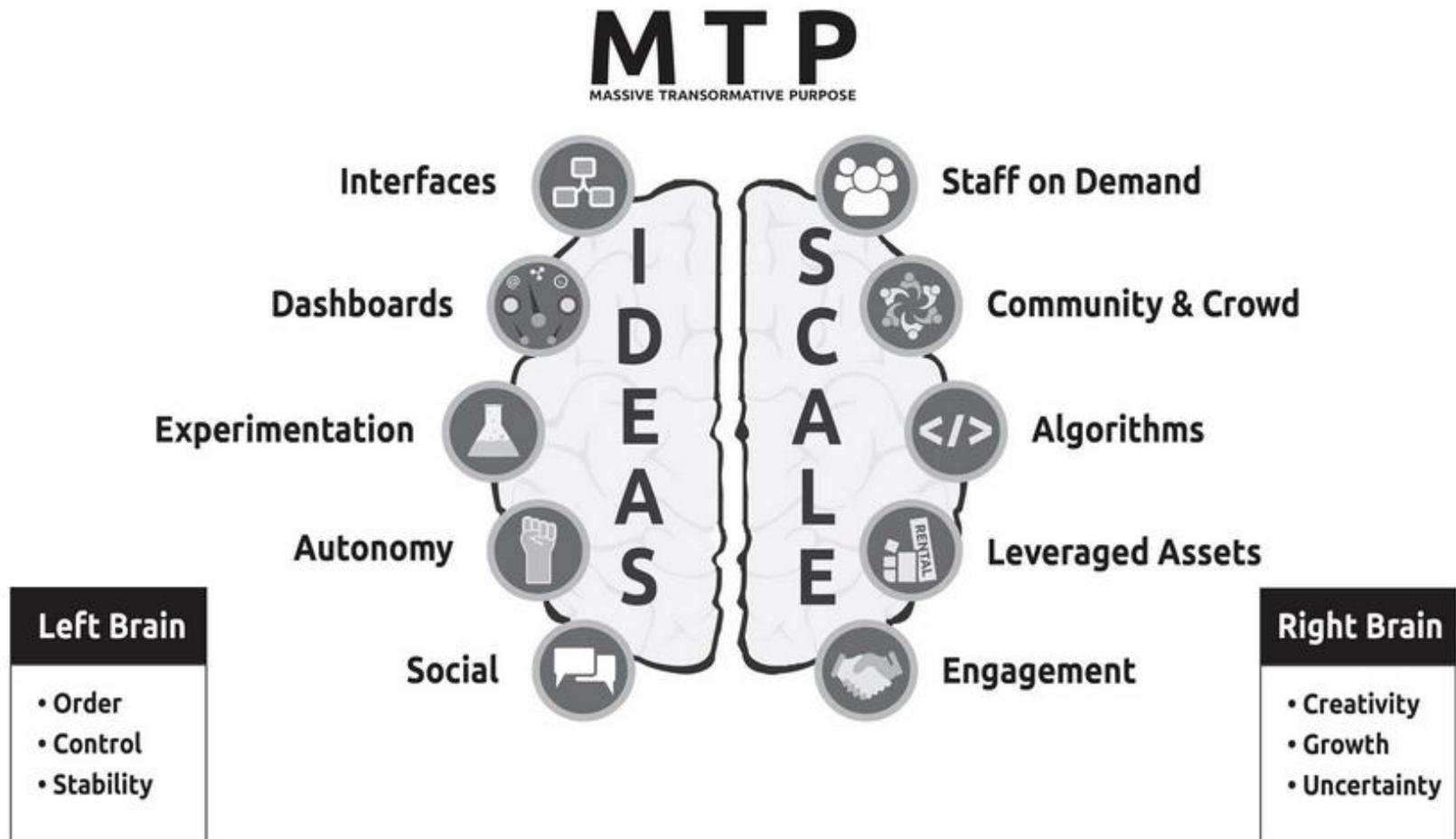


image courtesy of Exponential Organisations by Salim Ismail

Massive Transformative Purpose



TED

Ideas worth spreading



Google

Organise the world's information



XPRIZE

Bring about radical breakthroughs for the benefit of mankind



Quirky

Make invention accessible



SINGULARITY
UNIVERSITY

Positively impact one billion people

Staff on Demand

Gigwalk



An army of 650,000 mobile workers



Verify campaign :

- products nicely stacked
 - at front of store
- across all stores in NA in 1 hour

“Just in time” staff - mobile workers are deployed only-when and exactly-when needed.

BTW: Contractor-to-Employee ratio: 13,000 to 1

Algorithms

NETFLIX

Crowdsourcing - \$1M prize for best movie recommendation engine

50K contestants — 100+ countries

Winner beat Netflix's algorithm

Algorithms

Don't reinvent ... just use algorithms as a service



Intelligent speech recognitions interfaces for personal assistants, voice control, etc



Analyze social media to monitor the sentiment of your brand



Crowdsource predictive modelling and analytics algorithms via competitions

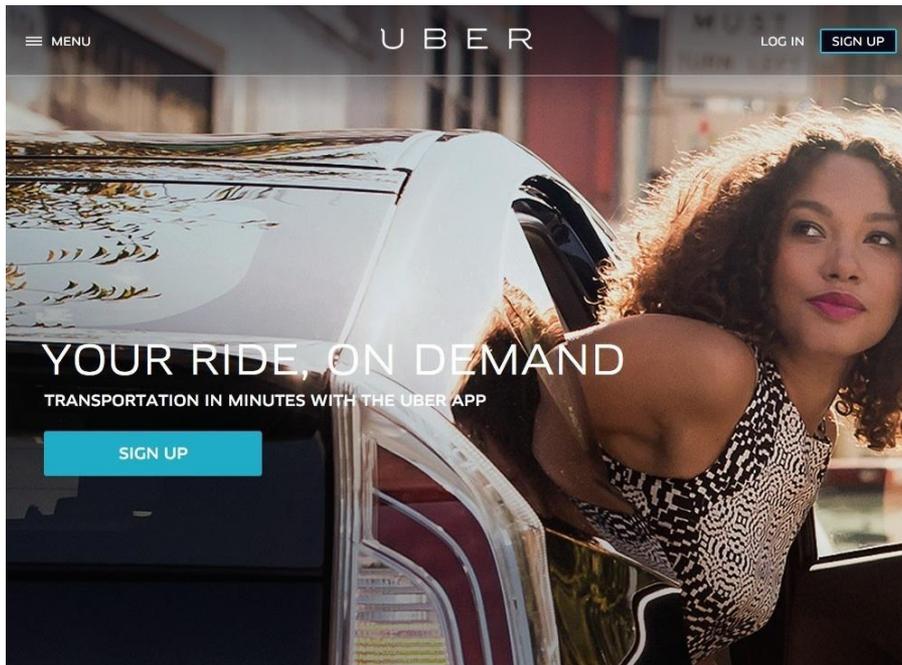


Crowdsource algorithms



Unravel complex financial crimes, track disease; \$20B analytics company

Leveraged assets



The zero-friction non-taxi taxi-ride available in every city and country in the world

Uber doesn't own any cars

They leverage the crowd's cars, which sit idle 93% of the time

Traditional organisations vs ExOs

Traditional organisations	ExO
Large asset base, lots of staff, lots of infrastructure	Almost no assets, staff on demand
Hierarchical organisation structure, centralised decision making	Flat organisation, self-organising circles/teams, decentralised decision making, fluid recombination
Linear and sequential methodologies	Iterative methodologies, agile, LSM
Processes	Algorithms
Heavyweight IT – ERP systems, fully integrated systems	Lightweight IT – cloud based, SAAS, loosely coupled systems - APIs
Heavily relying on human processing	Automation wherever possible
Making money through scarcity (IP, control, protection, etc)	Making money through abundance (open data, open access, open protocols)

Disruption risk summary

- The pace of technology improvement is exponential
 - Rate of change is increasingly exponential in most industries
 - Established / large enterprises have to run faster, just to keep up
 - Your competitors are not who you think they are
 - Going out of business is a full time job, management will prefer to “stick” to the 5-year-plan until the very last day
 - **“Doing nothing” is the riskiest strategy of all**
-

Now what?



Embracing Disruption

What advice will you give your clients / colleagues after today?

- 1. Learn** - familiarise the Board, Exec team and leaders with structured enterprise innovation, exponential technologies and exponential organisations
 - 2. Do try this at home** – run small and highly structured innovation programmes – design sprints, hackathons, accelerators
 - 3. Partner** – don't reinvent the wheel ... partner with startups, other industry players, innovation providers
-

Come and talk to us about enterprise innovation

CREATIVE|HQ



And now for something less risky ...
THANK YOU