Technology is accelerating innovation

What did you eat last night

I see you

Please print a heart
And consumers are adopting technology faster.

Years to Reach 150 million Users or Units

- Telephone (1876): 89 years
- Television (1928): 38 years
- Cellphones (1983): 14 years
- iPod (2001): 7 years
- Facebook (2004): 5 years
- iPhone (2007): 5 years
- WhatsApp (2009): 3 years
- iPad (2010): 3 years
- WeChat (2011): 1 year
Pandemic has accelerated digital adoption

Remote visits to Mayo Clinic rose from 4% before the pandemic to 85% at the peak.

Ping An Good Doctor, a Chinese portal, had 1.1B visits during the height of the pandemic.

Source: The Economist, Dec 2, 2020
Digital leadership & transformation requires fundamental change
Redefining Business

- New rules
- New insights
- New opportunities
What business are you in?
New rules of strategy

Multiple Customers

Network Effects: Create Virtuous Cycle
- Whatsapp, Facebook
- Amazon marketplace
- Uber

Network Effects and Complements
- WeChat
- Amazon
- Paytm

Single Products

Traditional Strategy: Make it cheaper or better
- Automobiles
- Consumer products
- Financial services

Multiple Products

Complements: Razor-Blade Strategy
- Echo and commerce
- Kindle and ebooks
- iPod and iTunes

Single Customer
US Foods
Peloton Bikes

Product

Complement

Network
Redefining Business

- New rules
- New insights
- New opportunities
Think beyond your product
“Wake up every morning terrified … not of our competition, but of our customers.”

“Senior leaders that are new to Amazon are often surprised by how little time we spend discussing actual financial results or debate projected financial outputs.”

“Working backwards from customer needs often demand that we acquire new competencies and exercise new muscles.”

Redefining Business

• New rules

• New insights

• New opportunities
Leverage existing capabilities for new business opportunities

<table>
<thead>
<tr>
<th>Current Business</th>
<th>New Capability</th>
<th>New Business</th>
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<tbody>
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<tr>
<td>Marketplace</td>
<td>Search</td>
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<td>Warehousing</td>
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<tr>
<td>Taobao</td>
<td>Escrow Account</td>
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Goldman Sachs wasn’t happy with cash management or transaction banking services it was getting from other banks. So it built its own “treasury of the future.” After a year it began using the system to manage its own cash, it opened its door to third-party clients. Within a year, this business has grown to $27.8 B in deposits. Goldman forecasts significant growth for it in the future.

Transaction Banking

- Liquidity Management & Virtual Accounts
- Payments
- Escrow Services
- Banking as a Service
• Competition is no longer defined by industry boundaries

• Sustainable advantage no longer comes from low cost and differentiation

• Complementary products and network effects provide strong sustainable advantage

• Work backwards to get new customer insights and skill forward to leverage new capabilities
Thank You!

sgupta@hbs.edu